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In This Issue

D. & H. Lightweight Coaches for the "Laurentian" Page 812

A description of the equipment recently delivered by the American Car and Foundry Company to this road for service between New York and Montreal.

Hotel Roanoke Goes Modern 820

An illustrated article describing the Norfolk & Western's remodeled, enlarged and partially reconstructed inn at Roanoke, Va.

Selling Railroad Freight Service 826

A Motor Transport Section article showing how the St. Louis-San Francisco modernized its merchandise service by co-ordinating rail-highway operations and enlisting employee co-operation.

EDITORIAL

How Keep Business Improving? 809

GENERAL ARTICLES

Uncertainties in Cost Rate-Making	811
D. & H. Lightweight Coaches for the "Laurentian"	812
River Haulage Not Cheap Says Senator Clyde Reed	817
A Proposed Plan for the New Haven	818
Hotel Roanoke Goes Modern	820
No Frills in P. R. R. Storekeeping	824

MOTOR TRANSPORT SECTION

Selling Railroad Freight Service	826
How Trucks Are Regulated	827
Canadian National Buys Highway Equipment	828

NEWS 829

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How Keep Business Improving?

The recent improvement in business has been so extraordinary that it is causing many to raise questions regarding its causes and whether it will last.

It occurred with unprecedented suddenness in September, and apparently is the greatest that ever occurred in the same length of time. Its principal cause—or effect—has been an increase of industrial production and, therefore, it has not been evenly distributed between different industries and sections of the country. It has raised industrial production to the highest level in ten years, and expanded steel production to about the real capacity of the mills. Construction is not included in "industrial production," but housing construction was steadily increasing before, and has been this year the largest since 1929—in fact, about 70 per cent as large as in 1929, as compared with 58 per cent in 1930 and with 53 per cent in 1938, when it was larger than in any previous year since 1930.

Railroad freight loadings, which, in spite of the diversion of traffic to other carriers, are still the best measure of changes in the total volume of all production and commerce, suddenly increased in the week ended September 16 to 72.3 per cent of their 1925-1929 average, and have since shown no tendency to decline even as much as seasonally. In the week ended November 11 they were 75 per cent of their 1925-1929 level—the highest level reached, allowing for seasonal changes, since May, 1937, when the "recession" began.

Much Greater Expansion Possible

Why have stock market prices generally not advanced in proportion to this expansion of production and commerce? Two explanations are given. One is that, for reasons due to the war, foreign owners of American securities are not buying, but selling them. The other is that most American business men lack confidence in a continuance of the improvement.

There is no doubt of the prevalence of this lack of confidence. Why does it exist? As great as the improvement has been, it has not raised total production and commerce to anywhere near the levels reached during the decade preceding the depression. The true measure of prosperity is not *total* production and com-

merce, but production and commerce *per capita*. During the last decade the country's population has increased 10 million. With prices adjusted for other years on the 1926 basis its income *per capita* in 1929 was \$625. To have provided the same income *per capita* in 1938 its total income should have been 6½ billion dollars larger than in 1929; but—allowing for differences in prices—it was 10 billion smaller. Income *per capita* in 1938 was only \$531—about \$385 per family less than in 1929 and \$250 per family less than in 1919, almost twenty years before; in fact, income *per capita* was barely as large as almost thirty years before in 1909.

In view of all the technological progress that has been made during the last thirty years, is it any wonder, when our production and commerce *per capita* last year was almost as small as thirty years ago, that we still have 8 or 9 million unemployed and millions on relief, in spite of the recent unprecedented expansion of business? Never before in the history of the United States was *technological progress* so long unaccompanied by *economic progress* as during the period including the last ten years. Study No. 241 of the National Industrial Conference Board gives estimates of national income *per capita* from 1799 to 1938, inclusive. The last decade is the only one since that ending in 1869 its figures for which do not record an increase in income *per capita*.

Why Business Lacks Confidence

Why, then, doubt that business can, and, therefore, will expand much more than it has already? And, especially, how cause a continuance of its expansion? There is only one answer to the latter question. It is afforded by all the country's experience—as conclusively by its experience during the last entirely unprecedented decade as during all its previous history. The way to cause continued expansion of business is to *revive the investment of private capital*. Within the last decade business repeatedly has started improving—in 1932; in 1933, after the banks were reopened; in 1935; during the last two-thirds of 1938; and, finally, during the last two-thirds of 1939. There is no serious question in

the mind of any real student of American economic history that the improvement which began in the last one-third of 1932 would have continued, excepting, perhaps, during its interruption by the banking crisis in the first quarter of 1933; that full recovery would have been accomplished by 1935, and that the last five years would have been a period of great prosperity—if there had not been unprecedented causes of the unprecedented and repeated “recessions” that have since occurred. And the important repeated effect of these unprecedented causes has been interruption of the revival of private investment.

Private Investment, Prices and Wages

How, then, assure full revival of private investment? There is only one way—by affording all *private business* opportunity to increase its profits on existing investment and by giving private owners of capital confidence that they will be afforded opportunity to derive reasonable interest and dividends from additional investment.

Does this mean affording opportunity to advance prices? Not unless *changes in supply and demand* cause them. In other words, private business should not be allowed to raise prices by combinations and agreements for that purpose. Advances in prices caused artificially, whether by government or private action, would be the best means that could be adopted for arresting the improvement in business. If not due to natural changes in both supply and demand, they would drive away customers as did the artificial advances made by NRA in 1933, which probably did more than all other causes to halt the improvement in business that began in the last third of 1932.

How, then, about wages? The American Federation of Labor has announced the policy of seeking advances in wages at least proportionate to increases in output per worker. It says this is the only way to so increase the purchasing power of the workers as to enable them to buy the increased products of industry and thereby keep the wheels turning. The ruinous major premise of this reasoning is that the employees of industry and transportation furnish all the purchasing power for the products of industry. In fact, employees of industry and transportation are only about 40 per cent of the country's working, producing and buying population. Therefore, advances in their wages resulting in advances of prices would *reduce* the purchasing power of the remaining 60 per cent of the country's workers, producers and buyers—as they did in 1933 and in 1936-1937.

How Increase Purchasing Power

This theory of advancing the wages of *part* of the country's workers and producers in order to increase *their* purchasing power and cause recovery has been tried in actual practice for more than six years. It has

not worked. The fact that recovery has not occurred, and that the last decade has been the first in the country's history when income per capita stayed on a *lower* level than during the preceding decade—and as low even as 30 years before—proves that it has not worked.

The great advantage of avoiding advances in prices, or actually reducing them when technological progress and reductions of production costs warrant them, is that they benefit and increase the purchasing power, not of 40 per cent, but of 100 per cent of the population. Especially, they enable the agricultural population, which constitutes another 40 per cent of the total, to share in the benefits of industrial progress. They tend to establish parity of industrial and agricultural prices and thereby to enable the farmers to do their share of buying of industrial products. And there never will or can be restoration of the country's prosperity to its pre-war level until there is established and maintained a relationship between industrial and agricultural prices that will enable the farmers to prosper without government doles.

Government Versus Private Investment

An essential to the revival of private investment is a reduction of so-called “government investment.” Such government investment not only unwarrantably increases taxes but takes capital that otherwise would be invested in private business and puts it in competition with private business. Private investment almost always is made in projects—which it has been reasonably estimated will produce profits—that is, gross earnings exceeding operating expenses and taxes. Practically all “government investment” is made in reckless disregard of whether it will produce gross earnings in excess of operating expenses and taxes or the opposite—and it almost invariably produces the opposite. From what source is the resulting loss paid? From the capital or profits of private investment, or from both. *It cannot be paid from any other source.*

How capital invested and profits made in private industry are destroyed or lost by “government investment” is strikingly illustrated by the project proposed by Thomas H. MacDonald, chief of the United States Bureau of Public Roads, and backed by some Big Business interests, for investing 35 to 40 billion dollars in superhighways during the next 20 years. Mr. MacDonald concedes that enough tolls or increased taxes could not possibly be collected from the users of these proposed highways to provide and maintain them. But, obviously, if the users did not pay for them they would be paid for directly or indirectly from the *capital and profits of existing or future private investment.*

Economic Experience Versus Fallacy in Practice

You can't invest 40 billion dollars in superhighways and also invest that same 40 billion in private business. If it were wisely invested in private business during

the next 20 years it would give at least an equal amount of employment during that period, and it would produce profits a large part of which would be used in making additional investment, which would further increase employment, production and profits. But how much, if any, it would contribute in the long run toward needed production, employment and profits if invested in super-highways nobody can even conjecture. The best conjecture probably is that in the long run it would destroy vastly more production, employment and profits in the country's business than it would cause.

Year after year since recovery began in 1932 we have been living and doing business subject to economic

theory and practice wholly unjustified by the economic experience of the world, and especially of the United States. What the results have been are shown by the statistics we have given regarding the nation's previous and recent income and by additional innumerable damning facts and figures that could be given. We all want the recent unprecedented improvement in business to continue. It can be continued. But it will continue only if government, business and labor act in future in accordance with the economic lessons which the world's economic experience and this country's economic experience during a century and a half, and especially during the last decade, so plainly teaches.

Uncertainties in Cost Rate-Making

How low may each form of transportation reasonably go in making rates to attract traffic from its competitors? A fair answer to this question would largely solve this greatest of all of the problems which confront the transportation industry today.

The Interstate Commerce Commission has indicated in its more recent decisions that no agency should go below its costs to attract traffic from its competitors, but there has been no clear-cut pronouncement of the proper elements of cost to be used in determining minimum rates.

While the Commission has permitted the establishment of rates which were only slightly higher than direct service costs, it has also considered in the same records, costs which reflect a full $5\frac{3}{4}$ per cent return on investment. **It is seriously questionable whether regulatory authority should attempt to require any form of transportation to include any measure of profit whatsoever in determining just and reasonable minimum rates.**

If, however, such a stipulation be lawful, and, if it is considered desirable that each rate contribute something towards net revenue, then such profit should be computed as a percentage of operating costs and not be predicated upon any fixed return upon investment. **Would it not be a little ridiculous for the Commission to figure 5 $\frac{3}{4}$ per cent return on the property investment in order to fix rates at a level which would deny traffic and revenues to the carriers? The concept of a fair return was intended to protect the revenues of the railroads, not to reduce them, or to eliminate them entirely.**

There is no denying that a cost basis of competitive rate-making will unduly handicap the railroads, if they are required to include a return on investment in rates designed to meet the competition from other forms of transportation. For example, if rail operating costs on a given shipment amount to 20 cents per 100 lb. and the railroads should be required to add $5\frac{3}{4}$ per cent return on investment,

this (in a typical instance) would require the railroads to assess a rate of 28 cents on such a shipment.

Motor carriers are favored because their investment is low (equipment only); they are not charged with the costly highways which, in reality, are a part of the investment in motor transportation. In the example given above, therefore, where the railroad would have to add 8 cents to its operating costs to cover a fair return on investment, the trucks would not add more than 2.5 cents to a 20-cent rate for such a purpose. This would give the truck an advantage of 5.5 cents in bidding for competitive traffic (even if their direct operating costs were equal to those of the railroads). Such a requirement would arbitrarily and unjustly deprive the railroads of the right to compete on a large volume of traffic.

If, on the contrary, the rate of profit to be included in costs were calculated as a percentage of operating costs, then the same ratio return would be added to both rail and truck rates, giving them an even break in bidding for competitive traffic.

The trucks should be required also to base their rates on the average loaded to empty ratio of all traffic in a given territory—otherwise the trucks could obtain an unfair advantage by picking-and-choosing balanced loadings in each direction, not bearing their share of the empty mileage, and hence showing untrue cost figures.

This question of the proper elements of cost to be used in determining minimum rates has been before the Commission time and again without any clearcut pronouncement. No carrier can develop a sound policy for competitive rates until the Commission has cleared up these uncertainties.

Why wouldn't it be in the interest of all concerned for the Commission to establish the policy that no form of transportation should be permitted to make competitive rates below its full operating costs?

D. & H. Lightweight Coaches for the "Laurentian"

NINE lightweight coaches have recently been delivered by the American Car and Foundry Company to the Delaware & Hudson for service on the Laurentian between New York and Montreal and other important main line trains. These coaches embody the use of Armco HT50 sheets for the car sides and roof, Republic RDS pressed framing members, and U. S. S. Cor-Ten and carbon steel structural shapes in the side and underframe. The principal weights and dimensions are given in Table I.

The seating capacity of the coaches is 76 persons provided by 18 double rotating-type seats and one double bulkhead type seat on each side of the aisle of the car. The width of the aisle is 2 ft. 2 $\frac{1}{4}$ in. The cars are designed with large vestibules at each end, equipped with folding steps. The door openings in the vestibules are 36 in. wide. The interior of the cars is arranged with a 65 ft. 1 in. passenger-carrying space with women's and men's rooms at one end of the car, together with a luggage compartment with shelves on one side of the car adjacent to the men's room. The space occupied by the latter facilities is 8 ft. 10 $\frac{1}{2}$ in. The light switch box and electrical lockers are at this end of the car.

Car Structure

The underframe is built up of a rolled Z-section side sill and a standard A. A. R. center sill section of open

Alloy steels in the car structure together with welded fabrication result in car weighing 112,900 lb.

Three different interior color schemes

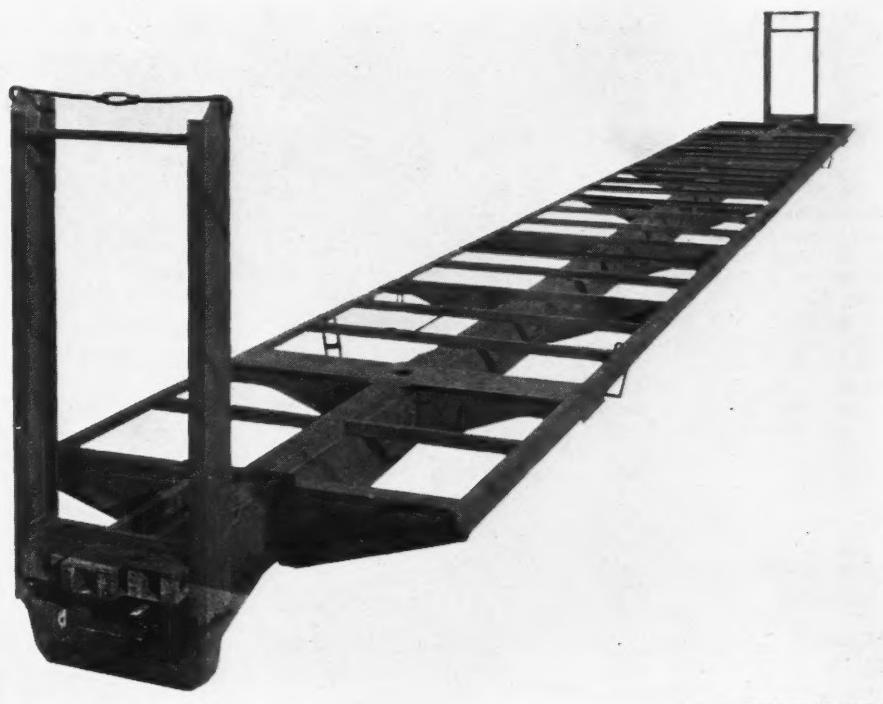
hearth steel having a 36,000 lb. per sq. in. yield point. An open hearth steel bottom cover plate is used to lower the neutral axis of the section to a point near the center line of draft. These two rolled sections are framed together with light-pressed channel floor beams which run continuously from side sill to side sill over the top of the center sill. The cross bearers are made by dropping a web plate from the above-mentioned floor beam and adding a rolled angle bottom chord.

The bolster is of welded construction consisting of low alloy steel top and bottom cover plates which are welded to web plates of the same material. This box section is further stiffened over the side bearing by the addition of web and flange stiffeners.

Light gage steel false floor sheets were then tack-welded to the underframe members, thus forming a

(Left) Baggage Rack Adjacent to the Men's Room; (Right) Interior of the Passenger Section





Above—The Exterior of the Coach Has Been Finished in Dark Green With Soft Grey Panels and Orange Striping. Right — The Completed Underframe and End Structure. USS Cor-Ten and Carbon-Steel Shapes Were Used As the Foundation of a Welded Unit

Table I—Principal Weights and Dimensions of Delaware & Hudson Coaches

Length over buffers, uncoupled, ft.-in.	84-9
Length over coupler pulling faces, ft.-in.	84-3
Truck wheel-base, ft.-in.	9-0
Truck centers, ft.-in.	58-6
Width over side posts, ft.-in.	10-0
Width inside, ft.-in.	9-5 $\frac{3}{4}$
Height, rail to floor, ft.-in.	4-3 $\frac{3}{4}$
Height, rail to top of roof, ft.-in.	13-6
Weight, light, total, lb.	112,920
Weight of one truck, without generator drive, lb.	18,140
Weight of truck with Spicer drive, lb.	18,800

water-tight, fire-proof bottom covering for the floor. Z-shaped lightweight stringers are then laid longitudinally and securely fastened to both the false floor sheets and the underframe cross members. Chanarch flooring $\frac{5}{8}$ -in. in depth is fastened to these stringers with machine screws.

The side framing is of girder type construction with a rolled-angle side sill or bottom chord and a lightweight Z-bar rolled side plate or top chord member. The posts are a pressed flanged U-section which, when spot welded to 14-gage side sheets, make a stiff but light box section. The belt rail and window headers consist of pressed Z-

shaped members, and are so fastened to the side posts that they function as continuous members.

All of these framing members are assembled on jigs and arc welded together, forming a skeleton to which the side sheets are spot welded.

The roof framing consists of a lightweight side plate angle to which is arc welded pressed Z-shaped carlines. Four Z-shaped purlines are welded to the carlines and run the entire length of the car and when spot welded together with the carlines and the .06-in. roof sheets form a substantial and stiff unit when finally fastened to the two sides of the car shell. Further rigidity is gained by the light trussed framing which is welded to the carline to house the air-conditioning duct and support the headlining.

Exterior and Interior Decoration

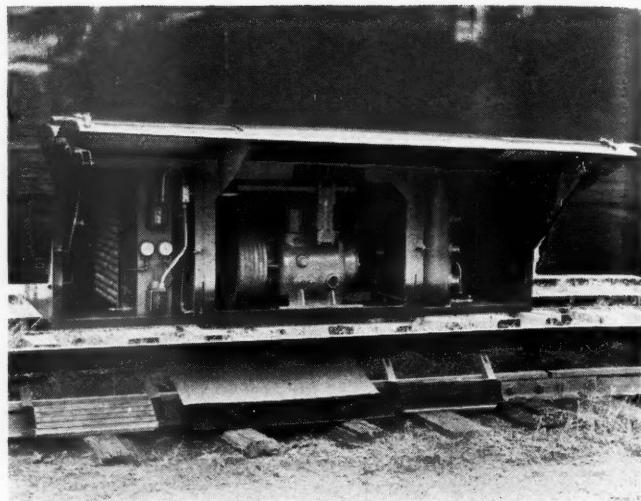
In planning these new coaches, which were styled by Raymond Loewy, simplicity was the theme. What has been done is to integrate basic engineering features, architecture, scientific illumination and color in such a way that new and beautiful effects are evolved.

For the exterior of the coaches, which have been

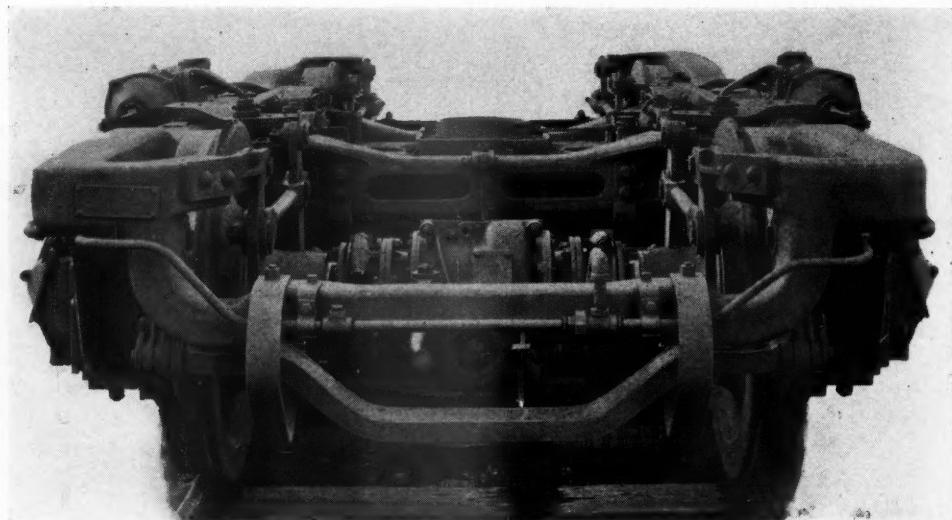
painted a dark green, a soft gray panel, accented with an orange stripe, is used to outline the outside window areas and to give a massed effect. This panel follows the horizontal line of the windows and continues in unbroken contour around the curve of the end windows. By painting the pier panels gray and using gray Pantasote curtains, a smart and modern effect is obtained. Lettering, numbering and the railroad monogram are all done in golden yellow paint.

For the interiors of the six coaches, three alternate color schemes have been chosen; the architectural and design features are similar. For instance, in all the coaches the end seats in each car have been given an entirely different color treatment from the majority of the seats. In one scheme, the four front and rear rows are upholstered in cedar rose, contrasted with a soft gray used for the middle section. In another color plan, mahogany rose appears as a foil for Moorish green.

The paint treatment on the bulkheads is divided into



Above—The Motor-Driven Compressor and Condenser Unit of the Air Conditioning System is Housed in a Compartment Underneath the Car and Is Accessible By Means of a Door in the Skirt. Right—One of the Trucks With the Spicer Generator Drive. These Trucks Have Balanced, Ground Wheels, Clasp Brakes and Weight 18,800 Lb.



two panels; the inner panel carries through to the ceiling, the outer one becomes continuous with the side wall. To achieve this, sharp contrast in light values is employed and in one scheme the pale yellow of the ceiling recedes toward the warm silver opalescent color of the bulkhead, the outer bulkhead panels and side walls being tones of sea moss green. Another scheme makes use of a sun tan for the ceiling, rose opalescent lacquer for the inner bulkhead panel and apple green for walls and outer bulkhead panels; the third color scheme, while using the pale yellow ceiling treatment with silver opalescent for the bulkhead, utilizes delft blue for contrast. These are shown in Table II.

Another feature of these coaches is the manner in which linoleum has been used as floor covering in simple, geometric inlay.

Sand colored Jaspe is contrasted with solid black in

one of the schemes, while an alternate makes use of antique mahogany as a distinguishing note.

Lighting and Electrical Equipment

Simplicity and compactness has been achieved in the design of the air-conditioning ducts and center lighting trough. A special type of illumination has been used involving a center ceiling fixture running the length of the car. Indirect light emanates from the aluminum lacquered light trough. This center trough contains 64 thirty-watt Lumiline lamps. The air ducts or louvers are trimmed with a bright red. The principal interior illumination is furnished by 38 forty-watt Safety circular ceiling lights with double prismatic lenses, the lenses having an edge-lighted skirt. There is one of these lights over each double seat. There are also two of these

Table II—Color Schemes for Interiors

Location	No. 1	No. 2	No. 3
Ceiling	Pale yellow	Pale yellow	Sun tan
Bulkhead panels	Silver opalescence and moss green	Silver opalescence and delft blue	Rose opalescence and apple green
Walls, pier panels, dado and Pantasote curtains	Various tones and shades of moss green	Various tones and shades of delft blue	Various tones and shades of apple green
Seats	Soft gray and cedar rose	Soft gray and cedar rose	Mahogany rose and Moorish green
Color accents	Red and yellow	Dusty rose	Yellow and autumn red
Flooring	Sand jaspe with black inlay	Sand jaspe with mahogany inlay	Sand jaspe with mahogany inlay
Headrests	Beige	Beige	Beige

fixtures in the passageways and one in the men's saloon. Column lights are used in the women's room. The vestibule lights are Safety units equipped with semaphore lenses. The total lighting load in the car is 3,640 watts. The illumination intensity on the 33-in., 45-deg. reading plane with the circular ceiling lights only is 8.5 foot-candles at the center of both seats and in the aisle. The addition of the Lumiline lamps raises the intensity in the aisle to 12.5 foot-candles.

Power for the three cars is supplied by 20 kw. Safety Genemotors and on the other three by 20 kw. General Electric generators. All generators are driven by Spicer drive with automatic clutch on the safety equipment and the safety clutch on the G. E. equipment. The storage battery equipment consists of 50 cells of Edison batteries having a capacity of 510 amp. hr. at 64 volts. A novel feature of the battery compartment is the balanced door, which swings underneath when open, and no part of which comes closer than approximately 6½ in. to the third rail in electrified yards. When the door is closed, its two ends form a baffle with the ends of the compartment to provide ventilation.

The air-conditioning equipment is electro-mechanical, of 7 tons capacity. Three cars have General Electric equipment and the other three have the Safety system. Interior temperatures are regulated by the Vapor correlative control. Supplementing the air-conditioning system are four fans behind bulkhead grilles exhausting to the atmosphere. These fans are for emergency use.

Other special materials include the use of satin-finish aluminum for basket racks, trim, etc.; the selection of Marlite—a colorful modern tile—for the wainscoting in the lavatories; and the use of black Micarta for all window capping.

Other color details include effects, such as soft gray and mahogany red for the vestibules and washroom fixtures of "sun tan."

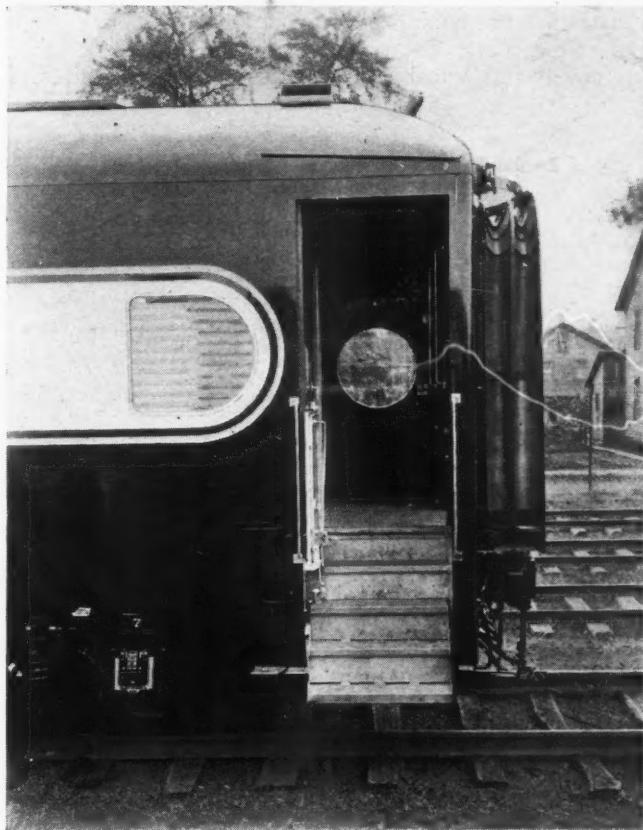
Special attention was given the design of the toilet facilities to assure a departure from the conventional arrangement. All of the pipes and fittings have been concealed and the space under the wash stands has been enclosed thereby providing a receptacle for soiled towels.

The cars are well insulated to insure a comfortable tem-

perature in all seasons, there being 2 in. of insulation in the roof, ends and sides, and 1½ in. in the floor.

Double glazed O. M. Edwards sash is used, the inner sash being hinged to facilitate economical window cleaning. Activated alumena is used between the sash to absorb any condensation or moisture which might collect. Further safety to the passengers is insured by the fact that ¼ in. safety glass is used in the inner sash.

Large parcel racks are provided, running the full length of the car. Supplementing these racks and located



Above—A Close-Up View of One of the Vestibules With the Folding Doors Opened. The Vestibule Door Opening is 36 Inches. Left—The Interior of the Car After the Insulation Has Been Applied to the Framing. Side Framing and Roof Framing Are Welded Structural Units With the Side Units Riveted to the Underframe and to the Roof Unit



at the saloon end of the car is a spacious luggage locker for the heavier baggage. The end doors are equipped with the Dayton push-pull type of door locks.

The four-wheel trucks under these cars have cast steel frames. The wheels are 36 in. diameter and are equipped with A. S. F. roller bearing units with SKF bearings. The wheels are carefully balanced and the treads are ground after mounting on the axles. The wheel pairs are then finally balanced to insure riding comfort. The trucks are equipped with Simplex unit cylinder clasp brakes and all mechanical details are insulated for sound deadening.

The cars are equipped with National tight lock couplers, New York Type HSC, Schedule D-22-A brake equipment and Miner friction draft gears and buffers.

Partial List of Materials and Equipment on the Delaware & Hudson Lightweight Coaches

Aluminum	Aluminum Co. of America, Pittsburgh, Pa.
Steel:	
Side and roof sheets	Armco Railroad Sales Co., Middletown, Ohio
Pressed frame members	Republic Steel Corp., Massillon, Ohio
Structural shapes in side and underframe	Carnegie-Illinois Steel Corp., Pittsburgh, Pa.
Trucks	General Steel Castings Corp., Eddystone, Pa.
Wheels	Bethlehem Steel Co., Bethlehem, Pa.
Axes	Carnegie-Illinois Steel Corp., Pittsburgh, Pa.
Roller bearing units	American Steel Foundries, Chicago
Roller bearings	SKF Industries, Philadelphia, Pa.
Journal bearings	Magnus Metal Corp., New York
Side bearings	Alcoma Railway Equipments, Chicago
Locknuts	Columbia Nut & Bolt Co., Bridgeport, Conn.
Journal boxes	National Malleable and Steel Castings Co., Cleveland, Ohio
Dust guards	W. N. Thornburgh Mfg. Co., Chicago
Bolster locking pin; safety locking center pin	W. H. Miner, Inc., Chicago
Springs	Union Spring & Mfg. Co., New Kensington, Pa.
Buffer springs; Fowler upper	Standard Railway Equipment Co., Chicago
Friction buffers; draft gear	W. H. Miner, Inc., Chicago
Tight Lock couplers	National Malleable and Steel Castings Co., Cleveland, Ohio
Air brakes	New York Air Brake Co., New York
Hand brake	W. H. Miner, Inc., Chicago
Clasp brake	American Steel Foundries, Chicago
Brake shoe	American Brake Shoe & Foundry Co., New York
Safety step treads	The Morton Mfg. Co., Chicago
Trap door and folding steps	The O. M. Edwards Co., Inc., Syracuse, N. Y.
Vestibule diaphragms and fixtures	Excel Curtain Co., Elkhart, Ind.
Vestibule diaphragm curtains	The Pantasote Co., Inc., New York
Window sash, dehydrated	The O. M. Edwards Co., Inc., Syracuse, N. Y.
Window sash glass	Pittsburgh Plate Glass Co., Pittsburgh, Pa.
Window glass, toilets and wash rooms	Pressed Prism Plate Glass Co., Chicago
Window sill, Micarta	Westinghouse Electric & Mfg. Co., East Pittsburgh, Pa.
Window shades	The Pantasote Co., Inc., New York
Inside facing	L. C. Chase & Co., Inc., New York
Glazing cork strip	Armstrong Cork Products Co., Lancaster, Pa.
Doors, aluminum and steel	American Car and Foundry Co., New York
Flooring	Tuco Products Co., New York
Flooring, vestibules	Alan Wood Steel Co., Conshohocken, Pa.
Linoleum and rubber floor covering	Armstrong Cork Products Co., Lancaster, Pa.
Linoleum inlays	Sloane-Babcox Corp., New York
Chanarch floor	The Morton Mfg. Co., Chicago
Conduit fittings	Thomas & Betts Co., Elizabeth, N. J.
Copper tube and fittings	American Brass Co., Waterbury, Conn.
Insulation:	Chase Brass & Copper Co., Inc., Waterbury, Conn.
Stonefelt and Wovenstone	Mueller Brass Co., Port Huron, Mich.
Fiberglas	Johns-Manville Sales Corp., New York
Weatherstrip	Gustin-Bacon Mfg. Co., Kansas City, Mo.
Air conditioning	Durkee-Atwood Co., Minneapolis, Minn.
Air-conditioning controls	General Electric Co., Schenectady, N. Y.
Air-conditioning grilles	Safety Car Heating & Lighting Co., New York
Air-conditioning grille cores	Vapor Car Heating Co., Inc., Chicago
Air-conditioning filters	Hart & Cooley Mfg. Co., Chicago
Registers	Barber-Colman Company, Rockford, Ill.
Fin-tube heating unit	Owens-Illinois Glass Co., Toledo, Ohio
Generator drive with safety and automatic clutches	Tuttle & Bailey, Inc., New Britain, Conn.
Pipe clamp	Vapor Car Heating, Inc., Chicago
Ventilators	Spicer Mfg. Corp., Toledo, Ohio
Auxiliary fans	Illinois Railway Equipment Co., Chicago
Electrical equipment	Railway Utility Co., Chicago
Light fixtures	Diehl Mfg. Co., Elizabethport, N. J.
Batteries	Safety Car Heating & Lighting Co., New York
Charging receptacle; train-line connectors	General Electric Co., Schenectady, N. Y.
Seats	Safety Car Heating & Lighting Co., New York
Seat cushions	Bryant Electric Co., Bridgeport, Conn.
Dunlop Tire & Rubber Corp., Buffalo, N. Y.	Edison Storage Battery Div., Thomas A. Edison, Inc., W. Orange, N. J.
Seat covering	The Pyle-National Company, Chicago
Tempered Preswood	Heywood-Wakefield Co., Gardner, Mass.
Marlite	Marsh Wall Products, Inc., Dover, Ohio
Fabreeka	Fabreeka Products Co., Inc., Boston, Mass.
Hoppers	Dayton Mfg. Co., Dayton, Ohio
Washstands	Crane Co., Chicago
Paper towel containers; toilet paper holder	Albany Perforated Wrapping Paper Co., Albany, N. Y.
Water cooler	Henry Giessel Company, Chicago
Drinking-cup containers	U. S. Envelope Co., Springfield, Mass.
Disinfectant	U. S. Sanitary Specialties Co., Chicago
Tail gates; luggage racks	The Adams & Westlake Co., Elkhart, Ind.
Snap-on molding	Pyramid Metals Co., Chicago
Door closer	Russell & Erwin Mfg. Co., New Britain, Conn.
Locks	Yale & Towne Mfg. Co., Phila., Pa.
Anti-pinch shield (end doors)	Dayton Mfg. Co., Dayton, Ohio
Fire extinguisher	James L. Howard, Bridgeport, Conn.
Steam-heat connectors	The Morton Mfg. Co., Chicago
Paint:	Pyrene Mfg. Co., Newark, N. J.
Exterior	Barco Mfg. Co., Chicago
Interior	E. I. duPont de Nemours & Co., Inc., Wilmington, Del.
	Sherwin-Williams Co., Cleveland, Ohio
	Murphy Varnish Co., Newark, N. J.



A Pair of Truck Wheels Showing the Roller Bearing Units

River Haulage Not Cheap Says Senator Clyde Reed

THE inland waterways never have, do not now, and never can handle traffic as efficiently, as expeditiously, or as cheaply as the railroads, according to Clyde M. Reed, United States Senator from Kansas, in an address at the annual luncheon of the National Industrial Traffic League at Chicago on November 21. Mr. Reed advocated a national transportation policy and urged the League to support the Wheeler-Lea bill which he termed "a start toward a national policy in dealing with transportation," of which the country has a surplus. Senator Reed said in part:

Railways, highways and waterways now provide more facilities for transportation than there is traffic to move. Between them, they represent an enormous investment of capital, public and private. Between them has come that degree of competition that always arises when there is a surplus of any commodity or any form of service. That competition today is so keen as to bankrupt all forms of transportation unless that competition can be directed and controlled.

While the railroads were at the height of their power, while they retained their virtual monopoly on transportation; while the adequacy of their regulation was still a matter of doubt, there came a movement to revive river transportation as a check upon a monopoly which the public feared, and which no one was certain as yet could be adequately regulated. There was no other reason for a revival of inland waterway transportation. The inland waterways never have, do not now, and never can handle traffic as efficiently, as expeditiously, or as cheaply as the railroads; or for that matter, as the highways. True inland river transportation is not "cheap" transportation. It is not low cost transportation. It is the highest cost of any of the general forms of transportation. The difference between the charges on the inland waterways and on the railroads and the highways, is made up by a subsidy out of the public treasury which is paid by the taxpayers as a whole. Of course, low river rates can be maintained if the tax-payers money improves the channels of the rivers; provides the wharves; and pays all expenses except the actual operation of a boat or barge. In this connection, it must be considered that the railroads which compete with the waterways are taxed to meet part of the cost of creating and maintaining a river channel right-of-way for their competitors.

Promotion a Racket

There is no justice in such a policy. Not even when adequate and complete regulation of railroad service was achieved did the pressure for inland waterway improvement cease. By that time it had pretty largely become a "racket." It is that now. Many smart men are making a living out of promoting a so-called Inland Waterway Improvement. They get support from cities, from newspapers, from large corporations that own their own barges and can move their own freight on a publicly built right-of-way at a lower charge than the railroads make; they make a business of interesting Chambers of Commerce and commercial bodies, in putting pressure on senators and representatives for huge appropriations for "river improvement" which will give some particular city or number of cities a "freight rate advantage." To these commercial bodies, to the newspapers who advocate this policy, the only thing of interest is their immediate advantage. They are willing to have the general public taxed for benefits for themselves, for

their own communities, and for the traffic of large corporations.

I repeat; inland waterway transportation is not low cost transportation; it is the highest cost transportation as compared with the highways or the railroads. The only reason for lower charges is the subsidy paid by tax-payers out of the public treasury. Without such a subsidy, inland waterway transportation could not exist for a month.

The important thing in this connection is whether we are going to continue to tax the whole people for the benefit of a comparatively small number of people. Are the cities and trade centers located off the rivers to be, not only taxed, but additionally penalized by lower freight charges given their competitors located on the rivers? My answer is No.

Waterways Benefit Only a Few

There is no more outrageous and no more unjustifiable, and no more flagrant waste and misuse of public money than in subsidizing high cost transportation for the benefit of a comparatively few people, and creating favoritism and discrimination between localities, trade centers and cities. I find no fault with Great Lakes transportation which is efficient and economical transportation. I am in favor of maintaining that character of water transportation but as long as I am a member of the United States Senate, I shall oppose this inland waterway transportation racket.

We members of Congress are pestered by waterway racketeers, as well as some earnest and honest people who do not understand that to not only maintain but to extend the public subsidy, is uneconomic transportation. These men appear before committees of Congress, purporting to represent farm organizations and appeal to farmers as being benefited by "cheap river transportation." I would not undertake to say that no case can be found where some individual farmer may have secured a slight benefit in the price of his grain because of subsidized river transportation, but I do make the flat declaration that farmers as a whole have not profited one cent by the billions of dollars spent on "river improvement." If traffic moving on the rivers had to pay all of the cost attached to river transportation, including the improvement and maintenance of the channel, no traffic of any consequence would move upon the rivers.

The inland waterway racketeers, individuals and organizations, hold out to the public the idea that it is getting some benefit from raids upon the public treasury to make river navigation possible. The fact is that the bulk of the tonnage moving upon channels created with public money belongs to great corporations that own their own boats and move their own traffic. In most cases the commodities so moved are sold to the public, not on a basis of lower river rates, but on a basis of the higher railroad rate. The great corporations pocket the difference. This has been proven over and over again. The great oil companies, the great cement companies, the great steel companies, the great coal companies move their own traffic on their own boats and barges, and sell to the public, generally speaking, on a railroad rate basis. They take an additional profit because of what has been done with public money.

I proclaim my belief here and now that a sound public policy would be one that imposed upon all traffic using facilities created out of the public treasury, tolls that would reasonably recompense the taxpayer for the money taken from him. If that were done, traffic would move by the cheapest and best route.

We in Congress, meet with a singular phase of this

situation. There are great newspapers, all of which claim to be reputable, and most of them are, who will condemn rackets and racketeers for corrupt and wasteful use of taxpayers money in their own cities, but these same newspapers will advocate a policy that is more wasteful than any political machine in their own city has ever been.

Pendergast "Steal" No Different Than Waterway Promotion

When we come down to talking about public morality in the handling of public money, I find it difficult to make a distinction in my mind between Tom Pendergast taking a million dollars out of the Kansas City treasury, and Missouri River promoters inducing the United States to waste \$200,000,000 trying to make the Missouri river navigable. It can't be done. Even if it could be done successfully, the benefit derived would be nothing in comparison to the money spent.

A sovereign should do justice as between his subjects. We have three competing forms of transportation; i.e., the railroads, the highways, and the inland waterways. The railroads provide and maintain their own right-of-way. Motor vehicle operators on the improved highways pay a substantial sum in the form of fees-tonnage taxes, personal property taxes, and gasoline taxes for the use of the highways. Whether the sum so paid is adequate or not is a matter of dispute, but there is no dispute over the fact that it is a substantial sum. Both of these forms of transportation are regulated by the sovereign; in other words, the government.

Their competitor upon the river has his right-of-way furnished and maintained without cost to him. There is no justice in that policy, but he objects to regulation. The Wheeler-Lea bill brings water transportation under comparable regulation. That is simple justice. No fair minded man can object to that policy. It is a sound National policy, and for the first time in the history of the country Congress is proposing equality of regulation upon the various competing forms of transportation. I do not mean by that, equality of rates. I make this statement, lest someone misrepresent. The bill by its terms, requires the Interstate Commerce Commission "to recognize and preserve the inherent advantages" of each form of transportation. Again, no fair minded man could ask more.

No Extension If Duplication

I have but one further suggestion. The Wheeler-Lea bill goes a long way, but not far enough. **There should be vested somewhere in the Government the duty and responsibility to pass judgment upon the transportation necessity of inland waterway expenditures before they are made.** You can't build a mile of additional railroad without getting permission of the Interstate Commerce Commission; you can't operate additional buses or trucks upon the highway without going to the Interstate Commerce Commission and getting a finding that the additional service is in the public interest. But Congress goes along, appropriating hundreds of millions of dollars for various waterway projects in the name of "cheaper transportation." Beyond that, anyone can operate a boat on the river, even though there are more boats operating now than the traffic requires. This doesn't make sense. It is not sound public policy.

What I suggest finally is that before Congress appropriates any money for any water projects, because of its transportation value, it should have a finding from the Interstate Commerce Commission that the additional

transportation is necessary. The Interstate Commerce Commission can call upon the Army Engineers through the War Department to advise as to the engineering feasibility, which would, of course, be a factor.

A Proposed Plan For the New Haven

WASHINGTON, D. C.

A PLAN of reorganization for the New York, New Haven & Hartford which would eliminate the equities of the present preferred and common stockholders was recommended to the Interstate Commerce Commission on November 17 by Examiner Harvey H. Wilkinson. Under the plan the total capitalization would be reduced from \$475,871,843 as of October 23, 1935, (the date of the filing of the petition for reorganization) to \$365,000,000; and fixed charges and guaranties from \$20,329,920 (paid or accrued in 1935) to \$6,385,019.

Under the proposed plan, which would become effective January 1, 1940, the contingent charges would amount to \$9,078,924. This figure comprises a \$1,000,-000 capital fund, \$4,058,565 interest on 4½ per cent income bonds, \$450,952 income mortgage sinking fund, and \$3,569,407 for preferred dividends.

Plan Would Include Subsidiaries

Examiner Wilkinson also recommended that the Providence, Warren & Bristol and the Hartford & Connecticut Western, secondary debtors, be reorganized in connection with the New Haven's reorganization and their properties and assets be transferred to the New Haven. He also recommended that the Boston & Providence be acquired by the New Haven on terms as proposed in the principal debtor's plan.

The examiner further recommended that no provision be made at this time for the acquisition of the Old Colony and that no plan of reorganization for that company be approved at this time.

"It is regretted," the examiner said, "that the existing situation of the Old Colony is such that it would be contrary to the public interest and the interests of the principal debtor's creditors to authorize the acquisition of the Old Colony's properties at this time or to approve a plan of reorganization at this time for the Old Colony. These matters, however, should not be permitted to defer the reorganization of the principal debtor. The principal debtor's cash position and the present trend of traffic are such that under the provisions of the plan recommended the reorganized company should be enabled to operate efficiently and successfully."

The equities of the holders of both the preferred and common stocks were found to have no value and no provision was made for their participation in the new company. Equipment trust obligations would remain undisturbed.

Some Bonds Would Get Cash

The New York and New England-Boston Terminal first mortgage bonds and the Dutchess County first mortgage bonds would be paid off in cash. The New York, Providence & Boston general mortgage bonds, Naugatuck first mortgage bonds, the Harlem River & Port Chester first mortgage bonds, and the Providence Terminal first mortgage bonds would remain undis-

turbed, and accrued and unpaid interest paid in cash, except accrued and unpaid interest due on the Harlem River & Port Chester bonds which would be paid in new fixed interest bonds.

Holders of the Housatonic bonds would receive 100 per cent of their holdings in new fixed interest four per cent bonds. Holders of New England bonds would receive 85 per cent in new fixed interest 4s and 15 per cent in income bonds. The Danbury & Norwalk bonds would be exchanged for 20 per cent in new fixed interest bonds, 40 per cent in income bonds, and 40 per cent in preferred stock.

Boston & New York Air Line bonds would be given 50 per cent in new income bonds and 50 per cent in preferred stock. New Haven & Northampton bonds would get 50 per cent in fixed interest bonds, 25 per cent in income bonds, and 25 per cent in preferred stock. Central New England bonds would get 100 per cent in fixed interest bonds.

Bonds secured by the first and refunding mortgage would be exchanged for 20 per cent in fixed interest bonds, 40 per cent in income bonds, and 40 per cent in preferred stock. The 15-year secured gold bonds would receive 45.35 per cent of fixed interest bonds and 54.65 per cent of income bonds. The four per cent debentures due May 1, 1957 would be exchanged for 100 per cent in new common stock. Similar treatment would also be accorded to the Providence Securities Company four per cent debentures due May 1, 1957.

Treatment of R. F. C. and R. C. C.

The secured notes held by the Railroad Credit Corporation and the Reconstruction Finance Corporation would be exchanged for new collateral trust notes for 100 per cent of the remaining balances of the notes. Banks holding secured notes would receive in exchange for these notes and interest varying amounts of new obligations.

Unsecured obligations and claims, including claims arising out of the rejection of leases and guaranties would be discharged in common stock equal in par amount thereof as finally allowed by the court; provided the aggregate of such claims does not exceed the balance of common stock remaining after satisfying prior claims.

The examiner recommended that the commission approve the New Haven management's proposal for the acquisition of the Boston & Providence. Under this plan the reorganized company would issue and deliver to the B. & P. \$3,039,213 of new fixed interest bonds, \$1,467,520 of new preferred stock. This would involve fixed interest payments of \$121,568 and contingent interest payments of \$139,414. The New Haven's proposal also contemplates the waiving of the claims of its trustees or the Old Colony trustees against the B. & P. and claims of the B. & P. against the New Haven.

Under the New Haven's plan for dealing with the Providence, Warren & Bristol, which was recommended by Examiner Wilkinson, these properties would be transferred to the reorganized company in satisfaction of the P. W. & B.'s obligations to the New Haven. Thus the rejection of the lease by the New Haven would constitute the only claim of the Providence company and the only possible asset for its stockholders. The court has allowed a claim for damages growing out of the rejection of the lease of \$437,300. This amount, which is equivalent to \$50 a share on the existing stock, would be dealt with by the issuance of one share of new common stock of the New Haven for every two shares of the P. W. & B.'s stock.

The Hartford & Connecticut's Western properties

would be similarly taken over in satisfaction of that road's debt to the New Haven. The claim for damages growing out of the rejection of the lease, already allowed by the court, would be satisfied by the issuance of new common stock.

Overrides New England Governor's Suggestion

The governors of Maine, Massachusetts, New Hampshire and Vermont, the City of Boston and the Boston Port Authority had urged the commission to refuse to approve any plan which did not provide that the New Haven's stock holdings in the Boston Railroad Holding Company be placed in the hands of public trustees. They also suggested a similar disposition of the stock of the New Haven held by the Pennsylvania and the Pennroad Corporation. These proposals were suggested on the ground that the New Haven's holdings in the Boston Railroad Holding Company gave it working control of the Boston & Maine and that the Pennsylvania dominated the New Haven. The examiner found that the evidence did not show that the New Haven dominated the affairs of the Boston & Maine nor that the reorganized company would so dominate this carrier as to be contrary to the public interest.

The examiner further pointed out that the commission has pending an investigation of the holdings of the Pennsylvania and the Pennroad Corporation. He also thought that it was not desirable that the reorganization be deferred, as suggested by the Pennsylvania and Pennroad pending consideration of the desirability of consolidating the New Haven and the Boston & Maine.

Under the plan recommended by the examiner, the New Haven's lease of the Providence & Worcester would be continued. Under this lease the New Haven pays \$416,000 a year rental plus taxes and assessments against the property and stock of the lessor. Of this rental the New Haven receives back \$95,510 in dividends on stock of the Providence & Worcester owned by it.

Road's New Capitalization

The new capitalization and charges, as proposed by Examiner Wilkinson, follow:*

Issue	Amount	Fixed Charge	Contingent Charge
Undisturbed equipment trusts..	\$12,872,000	\$455,012	
Underlying bonds	22,422,000	896,880	
Collateral trust notes	12,995,230	519,809	
Fixed interest 4 per cent bonds	90,722,219	3,628,889	
Total fixed interest debt	139,011,449		
Rent for leased roads		787,829	
Guaranties		96,600	
Capital fund			\$1,000,000
Income 4½ per cent bonds ...	90,190,334		4,058,565
Income mtg. sinking fund			450,952
Total funded debt	229,201,783		
5 per cent preferred stock (\$100 par value per sh.)	71,388,136		3,569,407
Common stock (\$100 par value per sh.)	64,410,081		
Total capitalization	\$365,000,000	\$6,385,019	\$9,078,924

Exceptions to the proposed report must be filed in Washington, D. C., and served so as to reach other counsel of record on or before December 7; replies to exceptions may be filed and served on or before December 17. The case is assigned for oral argument before Division 4 of the commission on December 21.

* The figures do not reflect the securities issuable under the recommendation for the acquisition of the Boston and Providence properties. This would involve the issue of \$3,039,213 fixed interest bonds, \$1,467,520 income bonds and \$1,467,520 preferred stock and would involve additional fixed charges of \$121,568.



General View of the New Hotel Roanoke. Looking North from the Road's Passenger Station Facilities at Roanoke, Va.

Hotel Roanoke Goes Modern

Norfolk & Western enlarges and improves unique facility at cost of \$1,500,000

HAVING been recently remodeled, enlarged and partially reconstructed in the form of an old English inn, the Hotel Roanoke, Roanoke, Va., which is owned and operated by the Norfolk & Western through the Virginia Holding Corporation, a subsidiary, has achieved nation-wide prominence because of the authentic manner in which it interprets the chosen motif of architecture and the comfortable and homelike character of its appointments and services. As rebuilt, the hotel is also distinguished by the fact that it is one of the first in America to be scientifically designed for air conditioning. A total expenditure of \$1,500,000 was involved in the reconstruction work, which was completed late last year.

History of Hotel

The present Hotel Roanoke has evolved from an original structure of the same name, embodying 38 rooms, which was built in 1882. Of timber construction, the original structure was enlarged in 1888, further expanded and improved in 1916, and as late as 1931 it was again augmented by the construction of a four-story addition which included a 60-car garage. As a result of the most recent improvement program, that part of the hotel devoted to public services and facilities, including the lobby, the dining room, the kitchen and the grand ballroom, has been reconstructed in its entirety, the number of guest rooms has been increased from 129 to 310, and two existing wings of guest rooms which were not involved in the reconstruction project were redecorated throughout.

Situated directly across the street to the north of the passenger station of the Norfolk & Western, the hotel is

located in the midst of an attractively landscaped area. In outward aspect it conforms to the old English style of architecture, embodying steeply-pitched gable-type roof construction with numerous dormers, and in conformity with the chosen motif a variety of materials are used on the exterior walls, the facade being faced with limestone up to the level of the second floor, while above that level the exterior presents a combination of brick, stucco and half-timber construction.

The reconstructed portion of the hotel is built around a six-story central unit, surmounted by a penthouse apartment and includes two five-story wings, each terminating in a tower, which are so arranged that they extend at an angle out in front of the central unit. The main entrance, embodying a Tudor portico, is situated in the facade of the central unit and is flanked by terraces which extend along the facade sides of the wings and which are flagged with crab orchard stone. From nearby streets the hotel is reached by sidewalks and by means of a drive which divides in front of the structure to pass around a circular reflecting pool placed in the angular space formed by the two wings and the central unit.

Arrangement of Public Facilities

On the first floor of the new portion of the hotel, the central facility is the main lobby, which is situated directly inside the main entrance while most of the other public rooms are located in the wings. To relieve the main lobby of all activity connected with the functional requirements of the hotel, a "working lobby," in which are located the room clerk, cashier, bell captain, porters, cigar stand and elevators, is provided to the rear of the main lobby and directly across from the main entrance.

Occupying practically the entire first-floor area in the left wing is the main dining room, while in the right wing are found the lounge, the writing room, and an oval-shaped room, 41 ft. by 53 ft. 6 in. in dimensions, which is known as the Palm room. To the rear of the lobby and the Palm room and connected directly with the latter, is the grand ballroom which is 108 ft. long and 55 ft. wide. A gallery 15 ft. in width extends along one side of the ballroom, while to the rear of the latter and separated from it by an eight-foot passageway are four private dining rooms. The angular space between the ballroom and the main lobby is occupied largely by the offices of the hotel manager and his staff, while to the rear of this space, and so arranged that it permits ready access to both the main dining room and the ballroom, is the kitchen together with its auxiliary facilities.

Design of Lobbies and Palm Room

While generally English in design, the public rooms of the hotel each embody a distinctive scheme as to decorations and furnishings. In the main lobby the design is suggestive of the great baronial halls of England, embodying raised and molded walnut paneling on the walls, an oak-leaf ornament painted on the cornice, carved walnut and pewter lighting fixtures and a terrazzo floor. The furniture consists of reproductions of English antiques, the rugs are reproductions of Orientals copied from museum documents, while the silk damask curtains are Renaissance in design and embody gold color imported from Italy.

As in the main lobby, the working lobby embodies walnut paneling on the walls, and here regularity in design was achieved partly through the use of black and gold Corinthian pilasters for separating the various openings in the walls and partly by means of a frieze containing murals, which is 3 ft. high and extends for 66 ft. around three sides of the lobby. In theme the murals depict the early history of Virginia and are painted to harmonize with the architectural treatment of the lobby.

In the Palm room the theme is supplied by Georgian columns in soft ecru color, while the murals and the gold lighting wall brackets embody the palm foliage motif. The ceiling is painted a dark blue and is dotted with stars authentically arranged to depict a constellation dated November 1, 1852, this being the date that the first train entered Roanoke. However, the distinctive feature of the room is the central lighting fixture which consists of a 24-in. globe representing the earth and which is hung directly beneath a large painted compass on the ceiling. Illumination is provided by means of a reflecting trough mounted on the globe.

Furnishings in the Palm room were specifically designed in the Regency style to harmonize with the architecture and the decorative effect. They include a circular table as the center piece, which uses winged lions as the motif for the supports. The large oval rug, which was assembled after the manner of a mosaic tile floor, is green with a floral design, while the walls are also green to harmonize with the palms that are placed at the columns.

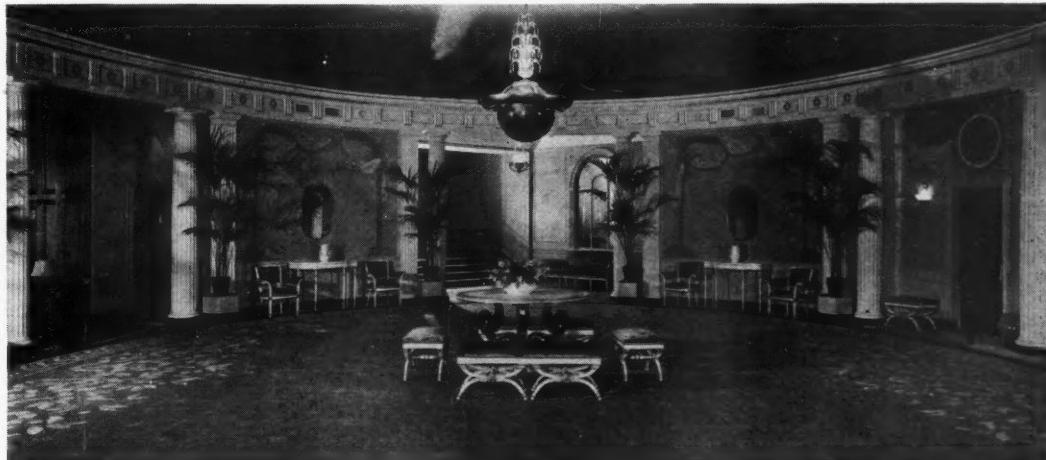
Other Public Rooms

Decorative features of the writing room include a wainscot of knotty pine with a natural finish, scenic wallpaper partly hand painted to avoid repetition, and Colonial lighting fixtures. To harmonize with the wallpaper, the silk damask curtains are done in amethyst color. In the lounge the walls are faced for their entire height with knotty pine laid random, while the lighting fixtures are early American in style and the hearth fireplace is of black and gold marble. A feature of this room is a panoramic view of Roanoke and vicinity, painted on canvas over the fireplace. The curtains in the lounge are of imported chintz in warm tones to harmonize with the walls, while the furniture consists of reproductions of English and American antiques.

The main dining room is Georgian in design, is done in oyster white, and embodies Ionic fluted pilasters and entablatures. Dogwood, the state flower of Virginia, is



The Decorative Effect in the Lounge Is Designed to Impart a Restful Homelike Atmosphere



The Palm Room, Oval in Shape, 41 Ft. By 53 Ft. 6 In., Is Done in Georgian Style



A Portion of the Main Dining Room, Which is
83 Ft. 6 In. Long by 42 Ft. 6 In. Wide

used as the decorative motif for the lighting fixtures, which are Colonial in design. An inlaid maple dance floor, 27 ft. square, is provided in the center of the dining room. Furnishings in the dining room include printed linen curtains soft cedar rose in color, and arm chairs consisting of reproductions of Federal-American antiques. With 5,000 ft. of floor space, the dining room has a seating capacity of 400 persons. The four private dining rooms are separated by folding partitions, and the walls, including the partitions, are covered with murals in three tones of golden brown, the subjects being railroads, industry, scenery and agriculture.

Like the dining room, the grand ballroom is Georgian in design, but here the color scheme includes green, gold and red. The floor is of inlaid maple and a zipper carpet is provided for protection. Lighting fixtures are of sil-

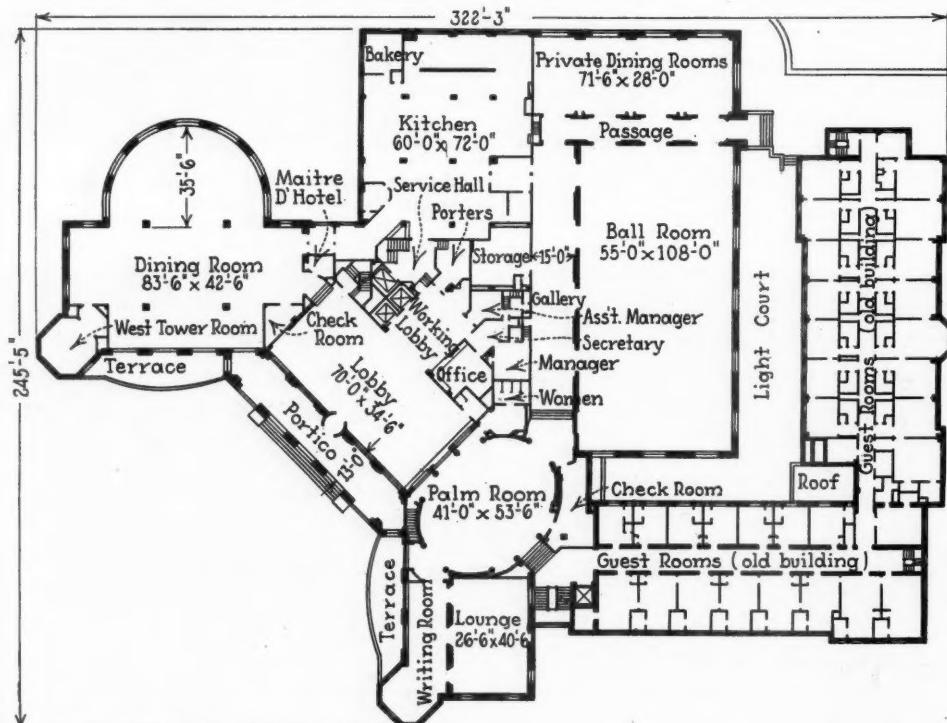
ver, gold and crystal and the curtains are of pigeon blood red silk damask of Renaissance design. Chairs furnished for use in the ballroom are of conventional bent wood construction with a natural finish. It has a seating capacity of 1,000 persons and a banquet capacity of 700.

Designed with careful attention to the location of the various facilities to secure the greatest efficiency in performing its different functions, the kitchen contains a total of 4,390 sq. ft. of floor space. The floor is of non-skid quarry tile, oatmeal in color, the ceiling is enameled and is soundproofed in the dishwashing and other noisy sections, and the walls are finished with glazed terra cotta tile to a height of six feet above the floor. All equipment is of stainless steel and cooking is done with gas ranges. Cabinet-type refrigerators, cork insulated and lined with stainless metal, are installed in each sub-department in the kitchen. The service doors between the kitchen and the main dining room and the ballroom are operated by photo-electric cells.

Facilities in Basement

All of the rooms described in the foregoing are located on the main floor of the hotel; other public rooms, as well as those embodying functional services, are found in the basement which underlies practically the entire structure. These include a beauty shop and barber shop, a 100-car garage, storage rooms for various purposes, a laundry embodying three-cylinder washers having a dry-weight capacity of 250 lb. each, the housekeeping department, all air-conditioning equipment, refrigerators, various shops, and a number of other rooms for employees. A feature of the laundry is that the various units of equipment are arranged for straight-line operation, thus promoting efficiency by eliminating cross traffic. The basement has wide tiled corridors painted with light enamel, and was designed and arranged to secure the maximum in efficiency and sanitation.

Embodying the York system of air conditioning, the reconstructed portion of the hotel is one of the first structures of this type to be especially designed and built for air conditioning. An example of the measures taken



First Floor Plan of the New Hotel Roanoke, Showing the Arrangement of the Public Areas Grouped About the Main Lobby



A Section of the Main Lobby. Showing the "Working Lobby" in the Background

in the construction of the building to adapt it to the requirements of air conditioning is provided in the roof areas, which are insulated with a 4-in. thickness of limestone rock wool, the object being to minimize the cost of heating the structure and to reduce the load on the air-conditioning equipment during the summer months. Most of the insulating material was placed in the batt form, although a small portion is of the fill type and was blown into areas where it was impossible to place the batt material. Water requirements for the air-conditioning system, which amount to about 18,000 gal. per hr., are obtained from a deep well on the premises.

In the design of the guest rooms in the reconstructed portion of the hotel the objective was to achieve the ultimate in comfortable and luxurious accommodations while at the same time imparting a homelike atmosphere. These rooms average 15 ft. in depth and embody tandem double-hung windows, and double mahogany doors between connecting rooms. These doors have recessed handles and, to insure sound-proofing between connecting rooms, a felt padding covered with metal strips is provided around the casements.

The guest rooms are painted in four color schemes—Caenstone, yellow, blue and green—and no two adjoining rooms are finished in the same color. Carpets in the guest rooms are of a soft bleached cedar color with a small figured design, and were specially designed and woven for this installation. All windows in the bedrooms are equipped with Venetian blinds and are fitted with pure linen draperies printed in an all-over pattern of English design. The colors of the latter are in modern sun-bleached effects designed to harmonize with the walls. In the sitting rooms the draperies are of a textured weave in plain bleached color effects.

Furniture is Eighteenth-Century English in style and is of solid mahogany. The ceiling lighting fixtures are of the semi-indirect type, while to facilitate adjustment the bed lamps are provided with universal joints. Other features of the guest rooms include enclosed radiators, two-channel radio loudspeakers with individual volume control, and an air-conditioning control button in each room. Grilles and especially designed baffle plates are placed over the doors to minimize the amount of sound entering from the corridors and to eliminate transoms.

Each guest room has a shower or a combination bath and shower. The bathrooms have painted walls and tile wainscoting and floors in corresponding colors. Other

features of the bathrooms include fixtures with a satin chrome finish, tubs with wide "seat rims," and built-in wall cabinets provided with springs to prevent the mirror from knocking against the wall. Bathrooms in the suites have glass-enclosed shower cabinets and tubs.

Guest accommodations in the hotel include 165 twin bedrooms, 122 of which have both tub and shower while 43 have the shower only; and 136 double bedrooms, 72 of which have both tubs and showers, while 64 have only the shower. There are also nine parlors, each of which has a removable closet bed. Seven different room rates prevail, ranging from \$2.50 to \$7.00.

All work involved in the enlargement and reconstruction of the Hotel Roanoke was carried out under the general supervision of W. P. Wiltsee, chief engineer of the Norfolk & Western and of the Virginia Holding Corporation, assisted by A. B. Stone, engineer of bridges and buildings. George B. Post & Sons, New York, were the architects, and the J. A. Jones Construction Company, Inc., Charlotte, N. C., was the general contractor.

* * *

Mr. Ickes, If We Ever Said Harsh Things of You, We Take It All Back

"I doubt whether anyone will question the fact that the people started to build good roads so that they might have the pleasure and recreation that is made possible by traveling in their own cars at their own pleasure at reasonable rates of speed. At least this has been what we thought we were paying our road taxes for. But now we know better. We know now that we have been digging into our pockets to build boulevards for trucks. The lord of the highway is the truck driver. The monster which he drives at reckless speed regardless, generally speaking, of the rights of the mere motorist, each year seems to be growing longer and wider and higher. And if one truck isn't big enough to satisfy the road appetite of its owner, he can always attach a trailer. Thirty-five years ago we had rough roads; narrow roads that were alternately covered with dust or mud. But at any rate we had no trucks.

"I have promised some day to give myself the pleasure of driving down a truck-infested road in the biggest armored tank that I can find and bumping these pests from the road, regardless of where they may light. I wonder if anyone here would like to join me on that joyous occasion.

"As the motorist ventures forth with his family to drive a few miles on a pleasant Sunday afternoon he not infrequently finds himself in a situation that Tennyson might have described in this fashion:

Trucks in the front of him;
Trucks in the rear of him;
Trucks on each side of him;
Back-fired and lumbered.

"While the state of mind of the motorist, thus beset, might be written thus:

His not to reason why,
His but to pass and die,
Into the mouth of death,
Into the fumes of Shell,
Rode the encumbered.

"Although I do not enjoy it, I have learned to endure the gallantry of the truck driver who takes more than his fair share of the road; who passes you at streamliner train pace; who cuts in at headlong speed; who stops suddenly; who carries to your nostrils carbon-monoxide fumes from his exhaust, safe in the knowledge that, so far as he is concerned, every motorist travels at his own peril. But what particularly annoys me on a holiday or week-end trip is to see emerge out of the distance a leviathan that has just had a litter of motor cars that it is transporting from the lying-in factory."

From an address by Secretary of the Interior Harold L. Ickes before the American Automobile Association.

No Frills in P.R.R. Storekeeping

Unnecessary correspondence avoided in operating regional stores—
Centralized grain door and grease reclamation

ALTHOUGH much clerical work is unavoidable in conducting day to day operations on a railroad as large and as busy as the Pennsylvania, this road has been unusually successful in reducing the volume of office detail required in supplying the road with material. Almost no files are kept at the distributing stores and little letter writing is indulged in.

Some of the methods which have contributed to this result include the interchange of stock record cards between local and distributing stores which dispense with requisition writing by local stores; the use of coupons instead of requisitions and copies of requisitions for ordering material through the general storekeeper and from the Altoona Works; the use of carbon backed forms for ordering special material and for waybilling; the use of material reference numbers in place of full descriptions and a system of bookkeeping under which all material in the Western Region is in one pool in so far as accounting is concerned. These methods have already been described. A friendly attitude toward penciled memoranda between departments and the more extensive use of the telephone also contribute to the simpler operations.

The store department of the railroad has also followed the practice of using form letters to save letter writing. After orders are issued to commercial firms for materials on the Pennsylvania and copies of these orders have been received by the storehouses, the stores correspond directly with these firms when necessary to trace material. This is done by the simple device of using a penny post card carrying a form letter, which requires only the insertion of the date and order number.

It is also a longstanding practice with the general storekeeper to use a printed form when communicating with regional stores about orders received for stock replenishment. This form is 5 in. wide, 7 in. long and contains 20 different questions or instructions, any one or more of which need only to be check marked to convey the purpose of the communication. As shown in the illustration, a check mark opposite line one notifies the receiver that the tracing quoted does not show the material, while the check mark opposite line sixteen notifies

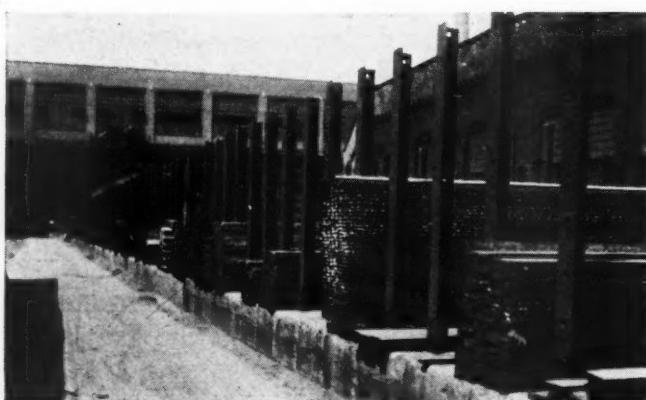


A Typical Tractor Operation at Columbus

the receiver that the quantity has been changed to conform to standard packaging, etc. In some cases, records in question are returned to the originating store with this form attached. In other cases, only the form is mailed and in most instances where a reply is required, the reply can be made simply by inserting the proper information in the blank spaces on the form. With this arrangement it takes less time to handle correspondence between the stores than it takes to talk about it and the limited forces employed have that much more time to give to the physical work of handling and distributing material.

Direct Handling of Stay Bolts

In the interest of maximum economy in supply work, the Pennsylvania has also watched for opportunities to reduce the handling of supplies, and has now in effect at Columbus, Ohio, where the mechanical stores of the Western Region are located, a practice by which large quantities of stay bolts do not pass through the store but go direct from factory to consumer. This practice is possible because the stay bolts are made in one shop and used in an adjacent shop. The store places orders on the manufacturing shop once a month for the quantity of stay bolts likely to be used during the month, as indicated by records of previous consumption, following which the iron purchased for stay bolt manufacture is drawn from stock and delivered to the manufacturing shop as needed. As stay bolts are required thereafter in the course of overhauling locomotives, the shop forces obtain them directly from the manufacturing shop and only the material tickets showing the quantity ordered, the engine number, shop order number, etc., are received at the storehouse, where they are checked and mailed each day to the accounting department for use in charging the cost to the proper operating expenses. Not only is extra handling of material avoided but the charges are handled without affecting the storehouse inventory, since the ticket made out by the manufacturing shop charging the material balance when bolts are delivered to shop forces is attached to the requisition so that one charge



Rack for Bar Iron and Steel

cancels the other in so far as material balances are concerned.

Grease Cellars

Within recent months, rearrangements have been made at Columbus in reclaiming and handling journal grease on the Western Region. Previously, some of this work was performed at Columbus and some of it at other points. The work is now all centralized. All used grease cellars are now shipped to Columbus. Grease which has been burned or otherwise spoiled is removed from the cellars and discarded while the good grease is recovered. The cellars are then fed into an oil furnace which burns all the dirt in them. New grease is received in wood barrels. These barrels are dismantled by removing the hoops and the grease is lifted in one piece and placed in a shaver which cuts the solid grease into smaller pieces. The barrels are then reassembled for use as containers. The new and old grease is then fed into one or the other of two presses. In one press the grease is forced through dies to form sticks for rod cups. This grease is then packed in boxes for distribution. In the other press, the grease is pressed into clean grease cellars. The cellars rest on a templet during the operation to maintain the proper contour and a prescribed pressure is applied to the grease to assure uniform compactness.



A Portion of the Grain Door Storage

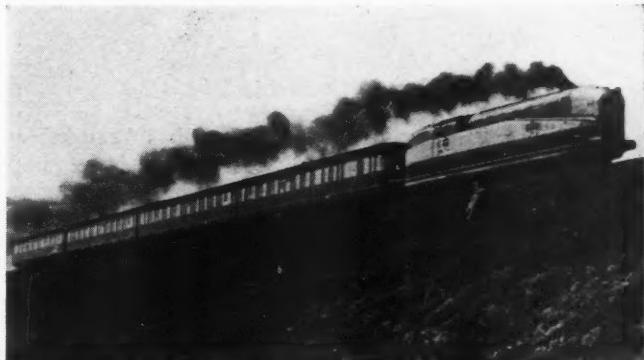
A gage is then applied to each cellar to check the size and surface. Only new grease is used in making stick grease and in filling cellars for passenger journals. This plant uses 130,000 lb. of new grease and 27,000 lb. of old grease per month and forms approximately 30,000 lb. of cup grease. The operation affords positive assurance against improperly filled cellars and defects which might injure bearings in service. Rehandling of the cellars and cup grease is avoided by making all shipments direct from the plant.

Grain Doors

Recently the Pennsylvania has also established a centralized plant at Columbus for grain doors. Nothing pretentious has been attempted but all grain doors removed from cars on the Western Region and all grain doors unused at the end of the grain season are now shipped to the storekeeper at Columbus for reconditioning and storage. Columbus had 68,000 doors in storage last spring, since which the number has been reduced to 15,000. All doors are shipped in box cars, both to and from the reclamation yard and the doors for reclamation are piled in rows in the yard with enough space between the rows to pile reconditioned doors when repaired.

Doors in need of repair are usually laid aside as they are unloaded and doors which are damaged beyond repair are scrapped. Repairs are made in portable sheds which are placed between the piles so that they can be removed from one end of the piles to the other as the work proceeds. Each shed contains a flat table on which a steel plate is laid where a carpenter can inspect the bad doors, remove protruding nails and apply new lumber if necessary.

* * *



The No. 61001 Streamlined Steam Locomotive of the German State Railways Photographed at a Speed of 87 m. p. h. at Coswig, Germany, Between Dresden and Berlin

THE PENNSYLVANIA RAILROAD 8. K. 7
STORES DEPARTMENT 10M 4 $\frac{1}{2}$ x 7 $\frac{1}{2}$ C 11-22-38

Mr.....	19.....	
.....	Shop.....	
M. T. O.....	Req. No.....	Item No.....
SK-51 Monthly Intermediate, reference No.....	quantity.....	
1—Tracing quoted does not show material.		
2—Add Tracing number or attach sketch.		
3—Tracing specified not shown on reference quoted.		
4—Tracing quoted is obsolete, superseded by.....		
5—Reference number and description do not agree.		
6—See reference.....; If this is material wanted, order and SK-50 card should be corrected.		
7—Pattern obsolete; superseded by.....		
8—Not carried in stock. Can substitute.....		
If substitution is acceptable, correct order or attach SK-51 to cover.		
9—Transfer order cancelled and returned as per request of.....		
10—Unable to furnish. See Supplemental SK-51 attached.		
11—We are making a partial shipment of..... (See Stock Data below).		
12—On hand (On date of this report)..... Due.....		
Received since last SK-51 (All sources).....		
Consumed since last SK-51..... Transferred since last SK-51.....		
13—Note corrections.		
14—Quantity cancelled, reduced to..... account.....		
on hand..... due and..... consumed, with average consumption of..... By approving operating officials.....		
15—Quantity changed to....., which will be transferred to avoid placing requisition. Include balance at next regular ordering period, if necessary.		
16—Quantity changed to..... to conform to standard package.		
17—Please correct your records accordingly.		
18—Please note and advise.....		
.....		
.....		
19—May we consider the attached M. T. O..... complete with quantity of..... already shipped? If so, detach and return this form with your reply.		
20—Reason for request.....		
.....		

(Signature)

Form Letter Used Between Stores

Motor Transport Section



A Highway Subsidiary Is An Important Adjunct in Frisco Merchandise Service

Selling Railroad Freight Service

St. Louis-San Francisco modernizes merchandise service, uses co-ordinated rail-highway operations and promotes employee campaigns

THE formation of the Frisco Transportation Company as a truck subsidiary of the St. Louis-San Francisco was one of the opening guns in the Frisco's campaign for regaining merchandise traffic. Other features that have aided materially in the success of this campaign have been alert, modern salesmanship, enlisting employee co-operation and various forms of advertising. The advertising has taken various forms, one of the most successful being a series of clever cartoons putting over the advantages of shipping via the Frisco.

A Slogan Comes to Life

The slogan "Frisco Faster Freight" has been effectively used in various forms of advertising. It has not, however, remained merely a slogan and nothing more. Operating improvements and better equipment has enabled the establishment of trains that carry the freight materially faster than was done a few years ago and schedule improvements have speeded up deliveries by as much as a full day between many points, and enable deliveries to be made much earlier in the morning at numerous other points, to better suit shippers' needs.

A comparison of present schedules with those of 1935 provides numerous examples. By speeding up the

schedules from St. Louis to Oklahoma City by 4 hr. 15 min., and the Kansas City-Oklahoma City schedule by 5 hr. 15 min., first day delivery is made from both points, instead of second morning as in 1935. The St. Louis-Fort Smith schedules were speeded up nearly 18 hours to save a full day in delivery. Pensacola, Fla., is now a full day closer to both St. Louis and Kansas City than it was in 1935, so far as l. c. l. traffic is concerned, both schedules having been cut 16 hr. to permit second instead of third morning delivery. This improvement, of course, includes many other stations on the Pensacola line as well. Memphis-Dallas service has been improved by 15 hours, to give second instead of third morning delivery. These comparisons are even more remarkable when it is considered that the service of four years ago was not slow, giving as it did first morning delivery from St. Louis to Tulsa, Okla., 425 miles. The Texas Flash, a new train put on late in October this year, leaves St. Louis at 8 p. m. and arrives at Dallas and Fort Worth the next evening at 6 p. m., a distance of 743 miles, in 22 hr.

Telling the World

Having adjusted and improved its operations to provide for faster service, the Frisco conducted an alert

sales and publicity campaign to acquaint shippers with the full details of the new schedules. Among other things, this involved the publication and extensive distribution of a concise and informative I. c. l. timetable, featuring the schedules of the "Frisco Fleet of Flashes"—the new fast merchandise trains. This booklet also lists more than a thousand stations in the South and Southwest, and shows the day of delivery from St. Louis and Kansas City to each station. The same information is shown for off-line stations, plus the route beyond the Frisco.

To sell the new I. c. l. service most effectively, the Frisco first set out to sell it to its own officers and employees. The fast schedules and the unusual operations involved lent themselves to dramatization and everyone on the Frisco payroll became enthusiastic about the new services. The traffic officers spoke to employee groups, booster meetings were held and informative bulletins were broadcast so that the new freight service was thoroughly understood. The Frisco became, in a sense, a vast organization of freight solicitors.

Study First—Then Act

In inaugurating this plan of merchandise handling, soliciting and advertising, the Frisco set up certain test districts which were thoroughly studied as to operating possibilities and traffic potentiality. A joint committee of one member each from the staff of the general traffic manager, the general manager and the general superintendent of transportation has been making a system-wide study of the problem for months. This committee checks all phases of merchandise handling, with particular reference to terminals. Wherever necessary, to receive freight or to make proper deliveries, this committee makes arrangements for staggered hours in freighthouses and other operating changes to afford better service to shippers.

A considerable revision of package car service has also been made, on the basis of avoiding rehandling enroute as much as possible. This involves loading through cars off-line to break-bulk points from such points as Mem-

phis, Tenn., and Springfield, Mo. From Memphis, for example, a through car is loaded to Cheyenne, Wyo., arriving there on the second night. This car has averaged nearly 10,000 lb. daily since it was put on, and gives fast service as well as avoiding rehandling of its contents enroute. Another car is loaded from Memphis to Jacksonville, Fla., avoiding rehandling and giving second instead of third morning delivery.

More flexible service on I. c. l. freight in the vicinity of Springfield, Mo., and in the so-called tri-state district on the border of Oklahoma, Missouri and Kansas is made possible by the Frisco Transportation Company. This highway subsidiary is being gradually expanded through the procurement of additional permits to give a rail-highway co-ordinated service over a much wider area, with the thought of eventually operating rail-highway co-ordinated service on all parts of the system where it would be efficient to do so.

Refrigerator Containers for Perishables

Another feature of the improved service is the use of refrigerator containers for I. c. l. perishable traffic. The Frisco has had many of these containers in successful operation for some years past, and they have been responsible for considerable increased business. One example of how they have created traffic is in the candy business. Until recently, small cities and towns in Missouri and the Southwest did not receive chocolates in the summer, because of the hot weather and lack of proper facilities to transport such a commodity in relatively small quantities in hot weather. Today, however, solid refrigerator cars of such candy are shipped throughout the summer to St. Louis, and distributed from there to local points by means of the refrigerator containers.

The idea behind the "Fast Frisco Freight" campaign has been to give excellent service, that might be described as particularized service, since it is based on a study of what the shipper wants. Following this, the service was advertised by every possible means and a large and energetic corps of "salesmen" in the form of officers and employees of all departments was turned loose to sell it. The results, as reflected in increased merchandise tonnage, have proved that the idea was sound.



Cartoons Like This Appeared in Many Papers

How Trucks Are Regulated*

AT the moment we do not have sufficient data to permit a critical comparison of the present condition of the industry, after four years of regulation, with its situation in 1935, when, disorganized, unseasoned, and inexperienced with national regulation, it came under the Motor Carrier Act. With confidence, however, we submit that it is manifest that the course of administration of that act has conduced to progress in the industry. We in the United States have gone as far in the way of developing adequate, correlated, and economical systems of national transport as any country which has attempted to deal broadly with these worldwide intricate and obscure problems of competition in transport, and which has kept away from the creation of an absolute transportation monopoly.

The Motor Carrier Act was largely experimental. It made use of a number of untried implements, such as

* From an address delivered by Clyde B. Aitchison, member, Interstate Commerce Commission, before the American Trucking Association.



the joint boards; it embraced many compromises—some wise, and some not; and it developed latent defects which were in part cleared up by the amendatory act of 1938, and which pending legislation will further correct. The Commission has solved many of these difficulties, but a number of far-reaching and difficult questions still remain undetermined. They remain pending because they are so important as to demand intensive study and the exercise of a matured judgment, which an overworked division of the Commission has not yet been able to give them.

Number of Investigations Undertaken

The Commission has rather boldly undertaken an investigation of the whole classification structure used by motor common carriers as a basis for their rates. It has instituted and pursued a number of investigations of comprehensive scope as to the rate structure of the motor carriers in wide areas. Investigations of this sort have a most beneficial effect in enabling uncertainties in legal or economic principle to be resolved, entirely aside from the good which follows placing the industry on a more stable and sound basis.

All these matters, it must again be called to mind, must be decided by resort to the law itself. The law cannot be distorted or misapplied in order to foster or protect any class of carriers or other persons, however worthy may be the members of the class and however legitimate their enterprise. Special favors to any particular class simply are without the purview of the Act; Congress did not attempt in any part of the Interstate Commerce Act to enact legislation.

In the pioneering stages of administration of the Motor Carrier Act it was necessary to make the fullest possible use of the right of the Commission to assign certain functions to divisions of its members. Too much cannot be said in commendation of the tremendous labors, the ardent enthusiasm, and the skill of the present and former members of Division Five who have participated actively in the organization of the work of administration, and have had the direction of its course during these critical four years. At all times, however, the ultimate responsibility lay with the Commission, and Congress looked to the whole body for results. All questions decided by a division are subject to review by the entire Commission in its discretion, and many were so reviewed.

The pioneering stage of administration of the Motor Carrier Act is not over, by any means. There remain untouched many important problems peculiar to the motor transport industry, of such volume and difficulty that they will tax the best efforts of the division of the Commission which is created primarily to deal with them, but from now on the normal tasks of carrier regulation will be an increasingly important part of the work under the Motor Carrier Act. More and more stress is being

laid on consistency and uniformity in regulatory policy in such matters as the establishment of reasonable rate standards, measures for enforcement of the law, control of capitalization and relations with other carriers, safety and service standards, and in correlation of the activities of competitors both within and without the industry.

The partial redistribution of work among the divisions of the Commission is designed to facilitate the administrative process in these respects, and to bring about all possible harmony in the application of all parts of the whole act. There remains for Division Five an enormous mass of difficult work of special character, including the general supervision of the whole system of administration of the Commission's largest separate section of its staff. For the other four divisions there are novel and baffling problems to be solved and policies to be evolved, simultaneously and consistently with the development of like or related policies and the solution of similar problems in respect of the other agencies of commerce within the wide scope of the act. Difficult work for the Commission under the Motor Carrier Act lies ahead, and enough of it so that every member will find his energies taxed if he carries his share of the burden.

What the past has accomplished in the administration of the Motor Carrier Act, and what the future may hold have been expressed by Commissioner Rogers:

"To many it has seemed, not without good cause, that our progress in the administration of the Motor Carrier Act has been unconscionably slow, but as we look back, we can see that we have made substantial progress in what is among the most complex and difficult administrative tasks ever undertaken by the government. It will be years before we can say in truth that the job is well along, but I am sure that we can say one day that we have gone a long way toward developing and preserving a highway transportation system which is properly adapted to the needs of the commerce of the United States and of the national defense."

Canadian National Buys Highway Equipment

FOR use in its co-ordinated rail-highway service, the Canadian National has purchased several new trucks and buses. The buses will be used on the C. N. subsidiary, the Niagara, St. Catharines & Toronto, and the trucks in its first co-ordinated service in the Maritime provinces. This latter service comprises truck lines handling mail and express as well as merchandise to local stations in the vicinity of Moncton, N. B. This service was started on June 26, by Canadian National Transportation, Ltd., a C. N. subsidiary, and is under the jurisdiction of the C. N. express department.



Buses for Service in Ontario and Trucks for Use in New Brunswick Purchased by Canadian National

NEWS

Fares in East to Remain 2½C

Anyhow that is the request that the Eastern executives have made to I. C. C.

The Eastern railroads will petition the Interstate Commerce Commission for permission to continue for a nine-months' experimental period after January 24, 1940, the present basic passenger fare of 2.5 cents per mile for coach travel together with a round-trip coach rate of 2.25 decreasing on a sliding distance scale. This decision is the result of a *consensus* of opinion of members of the Eastern Railroad Presidents Conference meeting in New York November 16. The decision was not unanimous, it is reported, since at least one road was in favor of instituting a one-way basic fare of 2 cents per mile or lower.

The move to continue the present rates for nine months beyond January 24 has been taken in order to furnish a "normal" test period in which to gage their effects on revenue and traffic volume according to New York Central President F. E. Williamson, chairman of the Conference. World's Fair travel so distorted the normal that it is difficult to tell what effect the sliding-scale round trip rates actually exerted. The nine-months' extension would carry the fares over to the close of the New York exposition of 1940, but will afford a period of six months between the close of the World's Fair on October 31 to its re-opening next Spring to study normal traffic conditions.

If the extension is not allowed, Eastern coach fares will automatically revert to a basic 2-cents-a-mile rate on January 24, the expiration of the 18-months' trial period allowed for the 2.5-cent rate by the I. C. C., effective July 25, 1938. The 2-cent rate was placed in effect June 1, 1936, by order of the Commission.

The reduced round-trip fares which the roads wish to continue after January 24 were placed in effect June 30, 1939, as described in the *Railway Age* for June 3, page 956. Briefly, 60-day, return-trip tickets valid in coaches are sold for distances up to 100 miles on the basis of 2.25 cents per mile. The rate per mile then progressively diminishes by 50-mile blocks until a minimum of 1.7 cents per mile is reached at a distance of 901 miles and over. Similarly, round-trip railroad tickets valid in Pullman sell at rates per mile scaling down from the basic 3-cents-per-mile level to a

Truck Sales Up 136 Per Cent in October

Sales of motor trucks totaled 40,978 during October, compared with 17,327 in October, 1938, according to the Automobile Manufacturer's Association, or an increase in volume of 136 per cent. Retail sales during the 10-months' period, January through October totaled 433,055 units, or an increase of 35 per cent over the volume for the corresponding period of 1938.

minimum of 2.7 cents at 901 miles or over. Railroad tickets valid in upper berths are based on a sliding scale starting at 2.7 cents per mile and diminishing to 2.43 cents at 901 miles.

New England roads will ask continuance of their present round-trip coach rate of a flat 2.25 cents per mile.

B. & M. Invites Passengers' Suggestions

The Boston & Maine has placed two boxes in the concourse of its North Station, Boston, Mass., wherein commuters and other patrons may drop suggestions and constructive criticisms concerning the services of the road. For several years the road has maintained an employee suggestion plan and periodically awarded prizes to those suggesting improvements which are adopted. Since one of the more articulate commuters of the road has made the suggestion that a similar plan be enacted for patrons of the road (without prizes, of course) the Boston & Maine has set up the boxes and invited its patrons also to "become part of the management".

Through Export Bill of Lading Modified

The Interstate Commerce Commission, in a report by Commissioner Porter, has modified certain conditions in Part II of the through export bill of lading in the light of the Carriage of Goods by Sea Act which was passed by Congress in April, 1936. The report came after further hearing in No. 4844, and it also authorizes certain other changes in the through export bill of lading. No order was entered, but carriers and shippers are expected to make the changes as their present supplies of the bills become exhausted, pending which time the railroads may continue to make the indorsement previously authorized.

Why T. Q. Ashburn Was Booted Out

Unpopular with unions and his bosses were sore about his yacht and spending money

Chester Thompson, successor to the ousted Major General T. Q. Ashburn in the presidency and chairmanship of the government-owned Inland Waterways Corporation, was off this week on an inspection and good will tour of the Federal Barge Line properties and the territory it serves. Meanwhile officials of the Department of Commerce late last week made available additional information about the situation involving the "resignation" of General Ashburn.

Mr. Thompson's tour started after his November 20 meeting with his advisory board in Washington, D. C. He was accompanied by Assistant Secretary of Commerce J. Monroe Johnson under whose direction I. W. C. has been since its transfer from the War Department to Commerce; also, in the party were I. W. C. Vice-President John Powell and Aubrey Mills, administrative assistant to Mr. Thompson. Their first stop was at St. Louis, Mo., where the Mississippi Valley Association was scheduled to hold a luncheon in their honor on November 21. On November 27, the Association of Commerce of New Orleans, La., will be host at a luncheon, while the return trip will be made via Memphis, Tenn., where, the Commerce Department announcement points out, the I. W. C. "has extensive holdings."

The November 20 meeting of the advisory board was attended by two new members—Col. Malcolm Elliott, U. S. District Engineer for St. Louis, and A. M. Mackie of Kansas City, Mo., who has been transferred from the board of managers to the advisory board. Other board members are A. J. Weaver, former governor of Nebraska, Thomas J. Mulgrew of Dubuque, Iowa, Thomas H. Beach of Birmingham, Ala., and F. G. Steiner of Chicago. Since the ouster of General Ashburn there has been some talk about moving I. W. C.'s executive offices to St. Louis, but nothing was done about it at the November 20 meeting.

Reticent at first to discuss the Ashburn "resignation," Commerce Department officials later decided to talk more freely about the incident, after the general had asserted that he was asked to resign on one hour's notice and made his statement

(Continued on page 834)

St. L. Ditch Is Not Advancing

Reports that project has been "dusted off" are mostly political talk

The St. Lawrence seaway scheme is making little real progress. In spite of the recantation of Premier Mitchell Hepburn of Ontario and his withdrawal of his main objections to the Dominion reopening negotiations with the United States, all of which encouraged President Roosevelt to say recently that the documents on this plan at Washington were being "dusted off," the prospects for this project being moved to anything even approaching completion are exceedingly small.

To begin with, the negotiations which Hepburn talks about as having made real progress are in reality the talks between him and the Mackenzie King government at Ottawa. For a long time and when exchanges between Ottawa and Washington two years ago were amicable and promising of results, Hepburn was as adamant against the scheme as Quebec still is. He opposed it, he said, because Ontario could not afford to take and pay for the resultant power developed in the international section of the St. Lawrence between Brockville and Cornwall, and also because the deepened waterway would mean that much more competition with the publicly-owned railway system (the Canadian National) which closely parallels the canal system.

The Ontario Hydro System (publicly-owned) for years has pursued the policy of purchasing as much power as it could get from smaller streams, such as those in Quebec province and in the northern country. This resulted in the many contracts with privately-owned power companies in Quebec and over which there was costly litigation when Hepburn arbitrarily tried to cut the agreed rates. This fight was carried to the Privy Council in London and Hepburn was beaten.

His professed zeal for the seaway scheme now arises from two considerations. One is he wants to get the consent of the United States to the Ogoki diversion into Lake Superior for power purposes and which President Roosevelt said he would give only when Hepburn signed on the dotted line for the larger scheme embracing not only the power and navigation works between Brockville and Cornwall, on the St. Lawrence, but also "scenic conservation" works at Niagara and lakes levels protection. Another is that next year he will have to talk again with the Quebec power companies with whom he has important contracts. He may want real leverage with which to force down their contractual rates.

Still another reason probably is that if he favors the seaway project he will be able to get President Roosevelt's consent to export into the United States of surplus power owned by the Ontario Commission. Strange to say, one block of this surplus power he is getting from the famous Beauharnois development just below the St.

Meeting of S. 2009 Conference Postponed

Because of various speaking engagements and other committee activities of Senate and House conferees on S. 2009, the conferences on this general transportation bill will not begin on December 10 as had been planned. December 19 is now mentioned as the earliest date on which the conferees can get together, although there is talk of delay until after Congress convenes in January.

Lawrence seaway site, in Quebec province on the same river.

Two years ago in Parliament at Ottawa Hepburn had presented for him a bill that would enable him to export power to the United States, an export that also had been forbidden by Dominion law. Premier King, with whom Hepburn was still carrying on a bitter personal feud, indicated he would permit his party in the House to support the measure, but just about the time it was making headway came a bombshell from President Roosevelt in the form of a statement that there would be no export of power to the United States and no Ogoki diversion unless and until Hepburn abandoned his bitter opposition to the seaway project.

At the same time President Roosevelt, in May last year, sent to the King government a draft agreement embracing all the schemes above indicated. Beyond a polite acknowledgement from Premier King, Washington has not yet received any hint that Ottawa would favorably consider a renewal of negotiations. It is known that "studies" of the project, in the light of the draft agreement of two years ago, have been renewed in the two capitals, but negotiations have not been reopened, in spite of the hope talk of Hepburn.

Moreover, there is little hope of this pact getting past the Canadian Senate after it has been signed by the two governments and dealt with by Congress. It is believed that it would have as much difficulty in getting past the U. S. Senate as it would later have getting the approval of the Senate in Ottawa. It has been urged as an aid to Canada's war effort but it would be at least three years before this project could be completed and new power be made available for Canadian munitions plants.

Status of R. F. C. Rail Loans

The monthly financial statement of the Reconstruction Finance Corporation as of October 31, 1939, shows disbursements to railroads (including receivers) of \$650,437,461 and repayments of \$213,786,178.

Club Meetings

The next meeting of the Railway Club of Pittsburgh will be held November 30 at the Buhl Planetarium and Institute of Popular Science, Pittsburgh, Pa. The program includes a special lecture and scientific moving pictures "Stars Over Pittsburgh."

R. F. C. Demands Pound of Flesh

Threatens to go to court over failure to get priority in Frisco revamp

A threat that the Reconstruction Finance Corporation would be forced to carry the St. Louis-San Francisco reorganization case to the Supreme Court of the United States for a final decision if its claims for priority treatment in the allocation of new securities is not recognized by the Interstate Commerce Commission was made on November 20 by Cassius M. Clay, assistant general counsel for the R. F. C. when Division 4 heard oral argument on the proposed plan of reorganization of the Frisco written by Examiners J. V. Walsh and T. K. Carpenter, and reviewed in the *Railway Age* for August 19, page 293.

The question of whether the R. F. C. and the Railroad Credit Corporation have a prior lien, represented by an agreement made by the Frisco reorganization managers, constituted the principal point of contention between the parties during the final arguments on the proposed plan. Mr. Clay accused the reorganization managers of acting "in bad faith" by failing, after their initial efforts to effect a voluntary capital readjustment had failed in 1932, to offer a plan of reorganization which would give effect to their agreement to give the R. F. C. prior lien securities as collateral for its loan.

The R. F. C. railroad counsel told Division 4 that it should approve a plan for the Frisco recognizing the priority of the R. F. C.'s claim "thus putting the matter up to these gentlemen squarely as a test of their good faith" and obviating the need for carrying the case to the Supreme Court.

The present controversy began when the R. F. C. made two loans to the Frisco in 1932 totaling \$5,190,000. The last loan, totaling \$3,390,000 was made in 1932 on the pledge of collateral which had a market value of only about \$770,000. The reorganization managers of the road, according to Mr. Clay, agreed to draft a reorganization plan under which \$3,390,000 of new prior lien bonds would be pledged with the R. F. C. as further collateral for the loan. After the 1932 plan had failed, the reorganization managers took the position that they were no longer obligated to carry out the agreement with the R. F. C.

The principal bondholders committees, represented by Henry W. Anderson, counsel for the prior lien committee, and Robert T. Swaine, counsel for the consolidated bondholders committee, contended that the reorganization managers and the bondholders who agreed to the 1932 plan were relieved of all their obligations to the R. F. C. and the R. C. C. by the managers' abandonment of the plan in 1933.

Mr. Swaine also told the commission that his clients object to the examiners' reduction in the total amount of securities. He did not like the idea of the examiners scrapping all the work done by the various

(Continued on page 834)

Examiner Okays Stock Pick-up

Thinks roads should be allowed to go out in the country after business

Examiner A. S. Worthington has recommended in a proposed report that the Interstate Commerce Commission find not unlawful the schedules of railroads providing for pick-up of livestock in Illinois, Iowa and Wisconsin, or the allowances to shippers for performing this service. The examiner would find, however, that certain of the schedules are ambiguous in violation of section 6 of the Interstate Commerce Act, and thus he would hold the proceeding open for 60 days to permit corrections.

Generally speaking the schedules contemplate a pick-up service or allowance for the movement by motor truck of livestock to stock pens at certain railroad stations from farms within a radius of 10 miles of such stations, when the livestock moves from such stations by rail to designated markets, principally Chicago. The proceeding, instituted on the commission's own motion, is docketed as No. 28216.

"Neither the 3-cent allowance made to shippers for performing this service, nor 4 cents paid by respondents to their agents for performing the same, which amounts are based on average hauls, appear to be improper," the proposed report said. "While the description of the terminal zone contemplated under respondents' schedules differs from that published in connection with pick up of merchandise, which is generally restricted to the corporate limits of a station, so far as distance is concerned it is in many instances no greater, and insofar as livestock is concerned, does not appear to be unreasonable or otherwise improper. To restrict this zone to any material extent would destroy the benefits of the pick-up service now enjoyed by many shippers." * * * The only testimony offered in behalf of the motor carriers was to the effect that in certain instances the pick-up service had, in violation of respondents' tariffs, been performed and an allowance made therefor for distances in excess of 10 miles. * * *

"Much has been said about coordination between the various modes of transportation, particularly between trucking and rail transportation. In the instant proceeding, we have a situation where the rail carriers after due deliberation have made a practical attempt to coordinate truck and rail service for the transportation of livestock from the farm to the markets, where the respondents have experienced most serious truck competition. It is a matter of common knowledge that conditions have greatly changed in the past 10 to 15 years. With the development of the highways and the use of the motor truck, traffic by rail has been steadily decreasing. Livestock is one of the commodities in which this trend has been most noticeable. * * *

"The record leaves no doubt that the pick-up service is desired by shippers, and that it has had the effect of increasing re-

spondents' revenues; also, that if respondents are to retain the traffic, the pick-up service is necessary. The record also discloses, however, as hereinbefore indicated, certain details of the practice and schedules governing it which call for correction. The nature of the service adds to the opportunity and temptation for discriminatory practices. The tariffs therefore must state explicitly the pick-up service to be rendered, which should be from 'farms,' and allowance provisions. If the service is conducted in strict conformity with such schedules, there is no showing that it will result in unfair competition with motor carriers, or be otherwise unlawful. * * * In other words, if the practice in question is to be maintained by respondents, they will be held to strict accountability for properly policing it by definite and unmistakable regulations, practices and tariff provisions."

I. C. C. Drops Probe of Tariffs Covering Advances to Forwarders

Because the respondents have filed tariffs cancelling the schedules under suspension, the Interstate Commerce Commission has discontinued its I. & S. No. 4665 proceeding which was concerned with the advancing of charges to forwarders.

Would Let S. P. Acquire Trucking Company

With the usual conditions designed to insure that the truck service involved will be supplementary to rail service, Examiner Frank A. Clifford of the Bureau of Motor Carriers' Section of Finance has recommended in a proposed report that the Interstate Commerce Commission authorize the Pacific Motor Trucking Company, affiliate of the Southern Pacific, to acquire control of Pacific Truck Express of Portland, Ore.

350 Scrantonites Tour Lackawanna Facilities

Some 350 business and professional leaders of the city of Scranton, Pa., were taken on a complete tour of inspection of the terminals and facilities of the Delaware, Lackawanna & Western which center in that city, on November 2. The members of the party, which included civic service clubs, bankers, professional leaders and the clergy, rode in a special train drawn by locomotive No. 1939 (exhibited at the New York World's Fair). A buffet luncheon was served in a buffet-club car after leaving the passenger station. Facilities visited in order were the locomotive shop group, the Keyser Valley car shops, Hampton receiving and classification yards and Taylor yard. A four-page folder describing the railroad's facilities in Scranton, the employment it affords to Scranton citizens and its payroll in the area were also distributed to members of the party.

Scranton newspapers of that week gave a great deal of space to the affair and devoted several editorials to the extent to which the railroad affects the city's economic life. Members of the city council also adopted a motion thanking the road for the inspection trip and expressing admiration for the efficient management which they observed in their inspection tour.

Mdse. Committee Reforms Okayed

Traffic executives accept 12 recommendations dealing with l. c. l. freight

Traffic executive associations of Eastern, Western and Southern railroads have approved 12 of the recommendations embodied in the first preliminary report of the merchandise sub-committee of the Association of American Railroads traffic advisory committee. This sub-committee, under the chairmanship of W. J. Kelly, assistant to A. A. R. Vice-President A. F. Cleveland, has been working under the direction of nine chief traffic officers with instructions to ascertain shipper objections to the present merchandise rate structure and receive suggestions as to what would be a more satisfactory plan for pricing either from the standpoint of shippers or the railroads; it is not to be confused with the Classification Simplification Committee which has not yet made its report.

The 12 recommendations which were approved at a September 28 meeting of the three traffic executive associations were made public this week by Mr. Cleveland, who stressed the fact that they comprise only the first preliminary report and are not intended to cover the whole situation. He pointed out that they are based upon material developed by the sub-committee in conferences with shippers; and shippers generally are expected to endorse the recommendations, although the changes must, of course, be published in tariffs which will be subject to protest and suspension.

The 12 recommendations approved are as follows:

RECOMMENDED, that all exceptions to the Classification ratings on l. c. l. and a. q. traffic be taken into the Classification not later than March 1, 1940, the ratings in the exceptions tariffs to be concurrently cancelled. Where exceptions ratings have limited application they should be made general and included in the Classification or converted to commodity rates between specific points and the exceptions cancelled. PROVIDED, that where it is found impracticable to cancel exceptions of limited application, that those particular cases be brought to the attention of the territorial traffic executive committees to determine whether the exceptions should be approved, and that after March 1, 1940, or whatever other date may be set for elimination of exceptions no exceptions shall be continued or new ones established except by the express authority of the committee of executive traffic officers in each territory.

RECOMMENDED, that l. c. l. and a. q. Classification ratings be made uniform percentages of first class and that complete uniformity of such percentages be accomplished not later than July 1, 1940; PROVIDED, that where it is found impracticable to bring about uniformity, that those particular items be brought to the attention of the territorial traffic executive committees to determine whether or not the proposed uniformity should be approved, and that after July 1, 1940, or whatever other date may be set for complete uniformity no items not uniform in the three classifications shall be continued except by the express authority of the committee of executive traffic officers in each territory.

RECOMMENDED, that when the l. c. l. and a. q. ratings have been made substantially uniform, an application be filed for long and short haul relief at border points and when relief is obtained all minimum (border) rates on l. c. l. and a. q. traffic be eliminated from interterritorial tariffs.

RECOMMENDED, that when substantial uniformity of l. c. l. and a. q. ratings has been accomplished, an application be filed for blanket relief from the aggregate of intermediate rule on l. c. l. and a. q. traffic.

RECOMMENDED, that an application be filed

for blanket relief from the long-and-short haul provisions of the fourth section on l. c. 1 and a. q. traffic and routing designed to preserve the long haul be confined to carload traffic. (This is not intended to provide for eliminating routing on l. c. 1. traffic where necessary for divisions purposes.)

RECOMMENDED, that the classification committees study the question of container specifications in its entirety and that in the immediate future some arrangements be made to pass upon changes in or newly designed containers and that they be accepted or rejected within a reasonable time.

RECOMMENDED, that the classification committees study the question of differences in ratings based on packing specifications with the view to establishing but one l. c. 1 rating on any article regardless of how packed so long as it is packed in a container which is acceptable for rail transportation.

Referred to the Classification Simplification Committee to progress.

RECOMMENDED, that Section 3 of Rule 29 of the classification be rewritten to base the charge for long articles on length and for bulky articles on over-all dimensions.

RECOMMENDED, that steps be taken to transfer all l.c.l and a. q. ratings involved in the Consolidated Southwestern Cases from the old to the new system of class rates, and that this be done as soon as practicable and that the work of transferring the carload ratings be progressed to a conclusion as soon as conditions will permit.

NOTE: The Committee of Nine recommends that the respective chairmen be urged to expedite this to the fullest extent practicable.

RECOMMENDED, that rate associations and classification committees reexamine their procedure, including that of obtaining concurrences from other associations. To the extent these delays in obtaining changes in rates and ratings may be remedied within the associations it should be done as soon as practicable. Where there are orders of the commission, fourth section or otherwise, which necessitate concurrences from other associations, application should be filed for modification of such orders and there should be brought home to the commission the fact that these complications are making it hard for the shipping public to do business with the railroads.

RECOMMENDED, that the railroads' solicitation practices be thoroughly examined and that more intensive effort be directed toward selling the railroad industry and services to the public.

RECOMMENDED, that Rule 45 be written to conform to exceptions which have been found necessary in connection with advertising matter and display racks with advertised articles and premiums with articles in packages.

Referred to the classification committee with the recommendation of the three traffic executive committees that they carry out the intent of this recommendation to the fullest extent consistently possible.

Changes in Retirement Board Personnel

William A. Murphy, regional director for the Railroad Retirement Board at Kansas City, Mo., has been transferred to New York where he will serve in the same capacity. Rutherford T. Taylor, adjudicator at Cleveland, Ohio, succeeds Mr. Murphy at Kansas City.

Clerks Withdraw Complaint Against Express Agency

Upon the request of the complainant, the Interstate Commerce Commission has dismissed the Brotherhood of Railway Clerks' complaint against the Railway Express Agency and controlling railroads, alleging that new arrangements for the division of express earnings would bring undue hardships to displaced clerks and were in violation of the Interstate Commerce Act. The complaint, docketed as No. 28221, was noted in the *Railway Age* of March 25, page 539.

The docket reveals that after the case had been set for hearing last June, the parties asked for a postponement pending the outcome of negotiations looking

toward a settlement of the dispute. On October 5 a member of the commission's staff sought information as to the disposition of the parties with respect to proceeding with the hearing; and shortly thereafter Horace A. Bacus, research director for the Clerks, requested permission to withdraw the complaint.

Would Let Frisco Buy Two Truck Lines

Examiner Robert R. Hendon of the Bureau of Motor Carriers' Section of Finance has recommended in a proposed report that the Interstate Commerce Commission conditionally approve the purchase by the Frisco Transportation Company, affiliate of the St. Louis-San Francisco, of operating rights and property of the Reddish Truck Service of West Plains, Mo., and the Blake Truck Line of Truman, Ark. The conditions which the examiner would attach to the authorization are the usual ones designed to insure that the motor service involved will remain auxiliary to the train service of the Frisco.

Seaboard to Provide Daily "Silver Meteor" Service

The Seaboard Air Line will inaugurate daily "Silver Meteor" service between New York and the east coast of Florida, effective December 1. The deluxe all-coach train, which at present operates every third day, will also be speeded up in running time, its new schedule calling for a flat 25 hours between New York and Miami, Fla., and 23 hours 50 minutes, southbound and 23 hours 55 minutes, northbound between New York and St. Petersburg, effective December 2. The latter runs will continue to be operated every third day from either terminal.

Milwaukee Tests Newly Designed Passenger Car Truck

A new passenger car truck designed by the mechanical department of the Chicago, Milwaukee, St. Paul & Pacific, and embodying a number of departures from conventional design, was recently tested by this road. The new four-wheel truck has inboard roller bearings, rotor brakes and newly-perfected coil springs and snubbers. Other changes include an unusually short wheel base of six ft. and a pneumatic

rubber-tired generator drive directly from the tread of the wheels. The new trucks weigh 25,000 lb. per car, which is 5,000 lb. lighter than the trucks now used on the Milwaukee's streamlined Hiawathas. The rotor brakes have a braking area of 576 sq. in., as compared with 92 sq. in. for conventional brake shoes and it is said the rotor brake allows a smoother stop with less noise from the braking operation. The Milwaukee intends to install the new type of trucks on its Hiawatha equipment, if further tests prove satisfactory.

Six More Roads Permit Unrestricted Car Deliveries to Seatrain

The Car Service Division of the Association of American Railroads on November 16 issued Supplement No. 6 to Special Car Order No. 30, adding six railroads to the list of those granting permission for their cars to be delivered to all water transportation lines without restriction. The six roads, which had previously fixed limitations on the delivery of their cars to Seatrain Lines, Inc., are: Atchison, Topeka & Santa Fe; Chicago, Burlington & Quincy; Chicago, Rock Island & Pacific; Colorado & Southern; Fort Worth & Denver City; and Missouri-Kansas-Texas.

Correction

In the November 18 issue the photograph that appears at the top of page 784 was reversed as regards left and right during the engraving process with the result that the picture is seen as if it were viewed through a mirror, all the elements being in reverse juxtaposition with respect to each other. Since the caption was written to describe the scene as viewed normally, it obviously does not apply to the photograph as reproduced in the magazine.

Grade Crossing Accident Fatalities Decrease

Fewer persons lost their lives as a result of highway-railroad grade crossing accidents in August this year than in any month since August, 1932, the Safety Section of the Association of American Railroads announced on November 24. Fatalities in August totaled 78, a decrease of 21 compared with August last year and a decrease of 16 compared with July, 1939. In August, 1932, there were 77 fatalities.



One of the Milwaukee's New Passenger Car Trucks, Which Embody Inboard Roller Bearings and a Rotor Brake, and Weighs Only 25,000 lb. per Car.

Persons injured in crossing accidents in August this year totaled 279, an increase of 59 compared with August last year. In August, 1939, there were 209 such accidents, a reduction of 6 compared with the same month one year ago.

Fatalities resulting from crossing accidents in the first eight months of 1939 totaled 852, a decrease of 48 compared with the same period last year. Persons injured in the eight months period this year totaled 2,347 compared with 2,408 in the same period last year. Accidents at grade crossings in the eight months this year totaled 2,014, a decrease of 67 compared with one year ago.

A. C. L.—F. E. C. Start "Champion" Service December 1

The Atlantic Coast Line and Florida East Coast will inaugurate a new deluxe, all-coach service between New York and Miami, Fla., effective December 1. Named "The Champion" (selected as the winning title in a train-naming contest announced by the roads in September), the service will be operated daily out of each terminal on a flat 25-hour schedule running via Pennsylvania, New York to Washington, D. C., Richmond, Fredericksburg & Potomac to Richmond, Va., A. C. L. to Jacksonville and F. E. C. beyond. The run is to be performed by three 7-car stainless-steel, Diesel-hauled streamliners, two owned by the A. C. L. and one by the F. E. C., as reported in previous issues of *Railway Age*.

Effective December 3, the Florida East Coast will place a similar train, the "Henry Flagler," in intra-Florida service between Jacksonville and Miami, covering the distance in 6 hours 25 minutes, and making one round-trip daily.

The Atlantic Coast Line also announces that it will advance the opening date of its 53-year-old winter train "The Florida Special" from January 2 to December 15 for the first time in its history, in expectation of an unprecedented volume of Florida travel. On the same date it will also inaugurate a new companion train of the all-Pullman "Special" to serve Florida's West Coast resorts. The "Vacationer," all-coach train of the A. C. L. and F. E. C. inaugurated last year, will also continue to operate daily between New York and Miami as an early departure companion to the new "Champion" service.

Annuities and Pensions in Force on October 31

A total of \$8,578,701 a month was being paid on 136,402 claims under the Railroad Retirement Act, as of the end of October. The number of claims in force increased over the previous month by 1,074 and the monthly amount payable by \$74,257. The net addition was smaller than for September, but was larger than for July and August.

The number of employee annuities in force continued to increase and the number of pensions to decrease. Employee annuities at the end of October constituted 70.1 per cent of total claims in force as compared with 69.5 per cent at the end of the preceding month, 68.2 per cent at the end of June, 1939, and 58.1 per cent

at the end of June, 1938. Pensions in force constituted 28.0 per cent of total claims at the end of October, 28.5 per cent at the end of September, 29.9 per cent at the end of June and 40.6 per cent at the end of June, 1938. The proportion of survivor annuities in force has increased from 0.7 per cent at the end of June, 1938, to 1.4 per cent at the end of September and October. The proportion of death benefit annuities has remained about the same, 0.6 per cent.

Federal tax collections from carriers and their employees under the Carriers Taxing Act in October amounted to \$1,170,676, bringing collections for the first four months of the fiscal year 1939-40 to \$30,054,749. From the beginning of operation to the end of October tax collections totaled \$289,352,190 of which \$109,256,539 was collected in the fiscal year 1938-39.

Freight Car Loading

Because of the Thanksgiving Day holiday, this issue of *Railway Age* went to press before the Association of American Railroads had made public the car loadings for the week ended November 18.

As reported in last week's issue, the loadings for the previous week ended November 11, totaled 785,961 cars, and the summary for that week, as compiled by the Car Service Division, A. A. R., follows:

Revenue Freight Car Loadings

	For Week Ended Saturday, November 11		
Districts	1939	1938	1937
Eastern	158,700	132,256	144,799
Allegheny	166,204	114,940	126,418
Pocahontas	59,115	48,650	50,278
Southern	107,680	93,893	102,430
Northwestern	117,003	81,361	85,035
Central Western	121,883	115,159	119,910
Southwestern	55,376	50,187	57,056
Total Western Districts	294,262	246,707	262,001
Total All Roads	785,961	636,446	685,926

Commodities	Grain and grain products	37,697	32,003	38,296
Livestock	17,650	18,061	18,490	
Coal	155,671	127,784	143,820	
Coke	11,267	6,375	6,983	
Forest products	35,823	26,843	27,384	
Ore	55,876	16,780	17,588	
Merchandise l.c.l.	156,735	152,202	161,311	
Miscellaneous	315,242	256,398	272,054	
November 11	785,961	636,446	685,926	
November 4	805,862	672,967	728,765	
October 28	834,096	708,590	768,024	
October 21	861,198	705,284	770,156	
October 14	844,955	726,142	806,095	

Cumulative total, 45 Weeks ... 29,392,433 26,291,200 33,717,174

In Canada.—Carloadings for the week ended November 11 (containing a holiday) totaled 54,721, as compared with 58,080 in the previous week and 51,221 in the comparable week last year, according to the summary issued by the Dominion Bureau of Statistics.

Total Cars Loaded	Total Cars Rec'd from Connections
Total for Canada:	
November 11, 1939....	54,721
November 4, 1939....	58,080
October 28, 1939....	59,903
November 12, 1938....	51,221
Cumulative Totals for Canada:	
November 11, 1939....	2,194,195
November 12, 1938....	2,130,350
November 13, 1937....	2,300,178
	1,192,257

August Accident Statistics

The Interstate Commerce Commission's completed statistics of steam railway acci-

dents for August, 1939, now in preparation for the printer, will show:

Item	Month of August		8 months ended with August	
	1939	1938	1939	1938
Number of train accidents	456	485	3,669	3,640
Tresspassers:				
Killed	257	256	1,566	1,556
Injured	239	294	1,621	1,717
Passengers on trains:				
(a) In train accidents*				
Killed	10	—	11	44
Injured	84	6	415	293
(b) In train-service accidents				
Killed	2	2	7	13
Injured	161	183	1,140	1,249
Travelers not on trains:				
Killed	2	1	7	6
Injured	53	75	525	499
Employees on duty:				
Killed	55	44	323	312
Injured	1,410	1,434	10,672	10,382
All other non-trespassers:**				
Killed	86	116	927	975
Injured	427	341	3,334	3,466
Total—All classes of persons:				
Killed	412	419	2,841	2,906
Injured	2,374	2,333	17,707	17,606

* Train accidents (mostly collisions and derailments) are distinguished from train-service accidents by the fact that the former cause damage of more than \$150 to railway property.

** Casualties to "Other non-trespassers" happen chiefly at highway grade crossings. Total highway grade-crossing casualties for all classes of persons, including both trespassers and non-trespassers, were as follows:

Number of accidents.	209	215	2,014	2,081
Persons:				
Killed	78	99	852	900
Injured	279	220	2,347	2,408

Priority Control Established in Canada

The government at Ottawa has appointed T. C. Lockwood of Montreal to be "controller" of transportation. This post, combined with the authority exercised over Canada's ports by the National Harbors Board gives the Dominion government power to co-ordinate all transport activities on land and water.

This was asserted in a statement from the Minister of Transport, C. D. Howe, in reply to views expressed by the Association of American Railroads. The American roads hoped there would be no congestion of American freight in Canada and that the railways of the two countries would be able to co-operate in the wartime movement of commodities.

Canada's "transport control," which will be made effective at an early date, will in reality be a compulsory scheme for, while private shippers may obtain their own charters of carriers without necessary recourse to the controller, no private shipment will be allowed to interfere with priority movements. It is anticipated that most shippers will make application to the controller for priority.

The statement from the Transport Minister's office follows:

"A press dispatch from Washington today, announcing the appointment of a plan for the control of United States traffic to belligerents, indicated that it is expected to extend that control to Canadian railways and Canadian ports. The dispatch quoted an official of the Association of American Railroads as stating that it was important that there be no congestion of American

freight in Canada as in the States; that the Canadian and American railway systems are really a unit, and Canadian railways are members of the Association, with the same interest in railway problems.

"The dispatch suggested further that United States control should be extended to Canadian docks, and particularly the port of Montreal, though it was explained that control of exports via Canadian ports is not an immediate problem, as the Association of American Railroads does not anticipate that there will be a heavy export of United States war material for another year.

"Officials of the Department of Transport pointed out today that the Canadian Government had already moved in this matter, so far as Canadian railways and ports are concerned, an Order-in-Council having been passed recently authorizing the Minister of Transport to appoint a Transport Controller to determine preference or priority of movement of troops, materials or supplies requisite to the conduct of the war, and by virtue of that Order-in-Council Hon. C. D. Howe, Minister of Transport, has already appointed, effective November 30, T. C. Lockwood of Montreal as Canadian Controller.

"They further pointed out that Canadian ports are administered by the National Harbors Board, which is also under the jurisdiction of the Minister of Transport, who is thus in a position, through the Transport Controller and the Harbors Board, to co-ordinate all war transport activities so far as Canadian railways and ports are concerned. All that remains is to co-ordinate the activities of the transport control authorities on both sides of the line, and it was stated there will be every disposition, so far as the Canadian authorities are concerned, to work in closest co-operation with the United States Railway Association and its officers."

R. F. C. Demands Pound of Flesh

(Continued from page 830)

bondholders committees without any consultation on their part. Mr. Swaine further accused the examiners of "plucking the \$240,000,000 figure for the capitalization of the new company out of the blue." He characterized the proposed plan as the "most drastic yet to emanate from the commission or its Bureau of Finance."

W. V. Hodges, representing the debtor, contended that the road was solvent and that the present equity holders must be given recognition in the allocation of new securities. He also served notice on the commission that the debtor would contend that the Fort Scott bondholders should get no interest on their bonds during the period in which the road was in reorganization.

Mr. Hodges also warned the commission that if the examiners' valuation of the road is accepted, the debtor would demand a judicial finding from the courts as to what the real value of the road is. "In reality," Mr. Hodges said, "one cannot determine the value of this road because there is no

one who could buy it if it were offered for sale." He closed his argument by saying that the commission had no right to destroy the equity's interest in the property when, in years past, it had, in several finance decisions, approved the capitalization of the road when it passed upon the issuance of new securities. Mr. Hodges took the position that the road had a right to try to earn on the money that has been honestly invested in it.

George Gibson, speaking for the prior lien committee, told the commission that his clients believe the property is insolvent and that the equity holders should not be recognized in the allocation of new securities.

Why T. Q. Ashburn Was Booted Out

(Continued from page 829)

alleging a "constant serious disagreement of policy" as to whether I. W. C. "should continue to operate as a privately owned corporation, as provided by law, or was to become a bureau of the Department of Commerce." As noted in last week's issue, Assistant Secretary Johnson replied that "the Corporation is to be run just like Congress said it would—just like a privately-owned corporation—to see if water transportation can be profitable."

Later information made available at the Department disclosed that General Ashburn and Assistant Secretary Johnson made no progress in getting together when the latter sought to look into the affairs of I. W. C. after Secretary Hopkins had placed the Corporation under Mr. Johnson's direction. The Hopkins order was challenged by General Ashburn who went to the President with an appeal which, it stated, quoted only a part of the Hopkins order. The President referred the matter to the Attorney General, and Solicitor General Jackson, acting attorney general at the time, ruled in favor of the general, holding that the powers delegated to Mr. Johnson should be qualified. It was then brought to the attention of the Attorney General that only part of the Hopkins order had been quoted; and Attorney General Murphy ruled that the order, with qualifications not mentioned by General Ashburn, was legal.

Also, it was revealed by Commerce Department officials that General Ashburn, as head of I. W. C., had an annual expense account of \$5,000 in addition to his \$10,000 salary. After I. W. C. was transferred to Commerce this expense account was ordered discontinued; while a yacht, which, it was stated at the Department, the general had purchased for I. W. C. and operated on waterways served by the barge line, was sold. In the latter connection it was the opinion of Commerce Department officials that the yacht, which cost about \$30,000 a year to operate, served no useful purpose while it irritated labor and competitors of I. W. C.

Furthermore, General Ashburn's relations with labor were regarded by Commerce Department officials as unsatisfactory. It was said that a strike was called

off when the transfer was announced, the intimation being that labor expected better relations under the new set-up. Numerous telegrams have been received at the Commerce Department commanding the selection of Mr. Thompson; and, officials say, there has been no protest against the change. Presidential Secretary Early said on November 16 that the action taken with respect to General Ashburn was abrupt, but there was no indication it was not approved at the White House.

Construction

CHICAGO & NORTH WESTERN.—This company has been authorized to construct an extension of its so-called Michigamme branch from the present terminus westerly across the Pesheke River to the westerly boundary of Section 24, Township 48 North, Range 30 West, one mile, all in Marquette County, Mich. The certificate provides that the construction shall be started by January 1, 1940, and completed on or before April 1, 1940.

MISSOURI-KANSAS-TEXAS.—A contract amounting to \$167,894 has been awarded Carrothers & Crouch, Kansas City, Mo., by the Missouri State Highway Department for the construction of a bridge on State Highway No. 5 over eight tracks of the Katy at New Franklin, Mo. The bridge will consist of thirteen 48-ft. and six 54-ft. special concrete deck girder spans, providing a 24-ft. roadway with attached sidewalks and stairways. The bridge will be supported on concrete bents and hollow abutments, to which will be attached retaining walls for the approaches. Special attention has been given to the architectural treatment of this structure to provide a pleasing appearance.

MISSOURI PACIFIC.—This company has been authorized to construct a new line extending from a connection with its line at a point about two miles southwest of Tallulah, La., to a point near the Tensas River, approximately eight miles.

THE MOBILE & OHIO.—Contracts for the new fruit house to be built at Mobile, Ala., which was described in the *Railway Age* of September 20, have been awarded as follows: A contract for 380 tons of structural steel to the Ingalls Iron Works Company, Birmingham, Ala., and a contract for the erection of the fruit house and office building to Foster & Creighton Company, Nashville, Tenn.

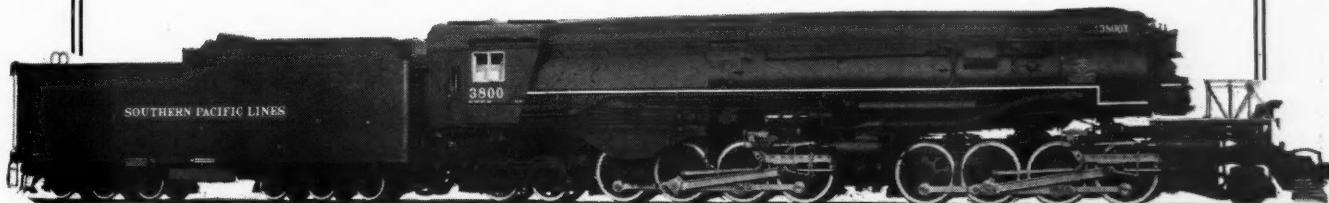
ST. LOUIS-SAN FRANCISCO.—A contract amounting to \$44,361 has been awarded the Carte-Harlin Construction Company, West Plains, Mo., by the Missouri State Highway Department, for the construction of a bridge on the Willow Springs-Douglas County road over the tracks of the Frisco near Willow Springs, Mo. The bridge will consist of three 45-ft. and one 40-ft. I-beam spans on one 75-ft. plate girder span supported on concrete bents, piers and abutments and will provide a 24-ft. roadway with a 5-ft. sidewalk on one side.

Continued on next left-hand page

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Supply Trade

General Electric Company

Charles E. Wilson, executive vice-president, was elected president and Philip D. Reed, assistant to the president, was elected chairman of the board of directors of the General Electric Company at a meeting of the directors in New York on November 17. They will take over their new responsibilities January 1, succeeding Gerard Swope and Owen D. Young, who will become honorary president and honorary chairman of the board, respectively. Mr. Swope and Mr. Young whose retirement becomes effective January 1, have served since May 16, 1922, as president and chairman, respectively, of the General Electric Company.

Charles E. Wilson was born in New York City on November 18, 1886, and began work as an office boy in 1899 with Sprague Electric, a former constituent company of General Electric. Since then he has served in many capacities, including shipping clerk, factory accountant, production manager, and assistant superintendent of the factory in 1914. Shortly thereafter he was appointed sales manager and in 1918, following the transfer of the conduit business from Sprague to General Electric, Mr. Wilson became assistant general superintendent of the Mazpath, N. Y., and New Kensington, Pa., works. In 1923 he went to Bridgeport, Conn., as managing engineer in charge of the conduit and wire business, and two years later was appointed assistant manager of its Bridgeport works. In June, 1928, he was appointed assistant to the vice-president in charge of the merchandise department and in 1930 was appointed manager of the merchandise department in charge of engineering, manufacturing and sales. In December of the

same year he was elected a vice-president of General Electric, and was one of the original members of the newly-formed appliance sales committee of the company. In 1935 he was assigned additional responsibilities. Mr. Wilson is chairman of the board of the General Electric Contracts Corporation; a director of the General Electric Company, the Monowatt Electric Corporation, Providence, R. I.; the Electric Vacuum Cleaner Company, Cleveland, Ohio and of Houses, Inc.; the Edison General Electric Appliance Company, Inc., Chicago; the Trumbull Electric Manufacturing Company, Plainville, Conn., and the General Electric Supply Corporation, N. Y.

Philip D. Reed was born at Milwaukee, Wis., on November 16, 1899. He received his engineering degree from the University of Wisconsin in 1921 and his doctor of laws from the Fordham University in 1924. His first work began while he was still a law school student taking evening classes at Fordham and, in 1922, before his graduation, he became vice-president and patent counsel for the Van Heusen Products Company, New York, and previous to that was patent solicitor for Pennie, Davis, Marvin & Edmonds of New York.

He entered the General Electric Company's employ in 1926, as assistant to vice-president of the company's law department in New York. In 1928 he was transferred to the incandescent lamp department, and from July 1, 1934, until his appointment as assistant to the president in December, 1937, he was general counsel for the lamp department. Mr. Reed is a director of the General Electric Company, the General Electric Contracts Corporation and of a number of other companies.

Owen D. Young is a native of Van Hornesville, N. Y., where he was born on October 27, 1874. He received his early education in the district school, East Springfield, (N. Y.) Academy and St. Lawrence University where he was graduated in 1894. He entered Boston University having decided upon law as a career and completed the three-year law course in two years and then began to practice in Boston. Mr. Young lectured at Boston University Law School from 1896 to 1903. On January 1, 1913, he was appointed to succeed the late Hinsdale Parsons, general counsel for the General Electric Company and in addition to being general counsel, was also appointed vice-president in charge of policy. He became interested in the welfare and treatment of employees, and when Charles A. Coffin resigned in May, 1922, was chosen as chairman of the board to succeed him. Mr. Young is a director of many large companies, including General Motors and National Broadcasting Company. He was chairman of the board of Radio Corporation of America until 1929. His work on the Reparations Commission in Paris in 1923, when he officially represented the United States along with Gen. Charles G. Dawes resulted in the Dawes Plan. Later Mr. Young became agent general of Reparations and put the Dawes Plan into actual operation. He has received many honors from governments and honorary degrees from many colleges and universities.

Gerard Swope was born in St. Louis, Mo., December 1, 1872. His first work was as a helper in the Chicago service shop of the General Electric Company in 1893, while still an undergraduate at Massachusetts Institute of Technology. He was graduated with an electrical engineering



The Retiring Chairman and President of the General Electric Company Congratulate Their Successors. (Left to Right) Owen D. Young, Philip D. Reed, Gerard Swope and Charles E. Wilson

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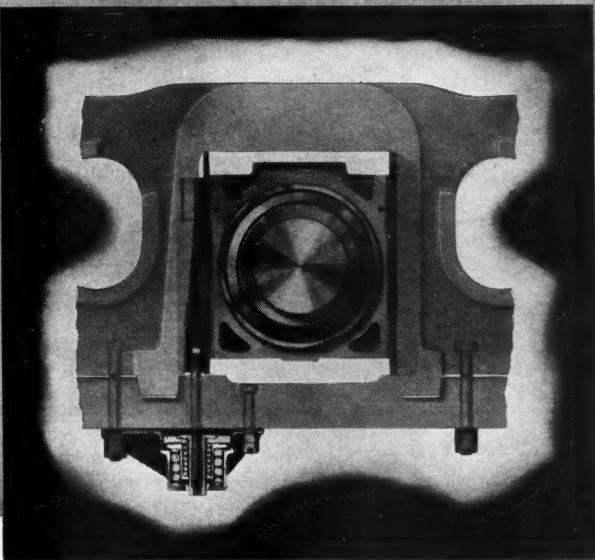
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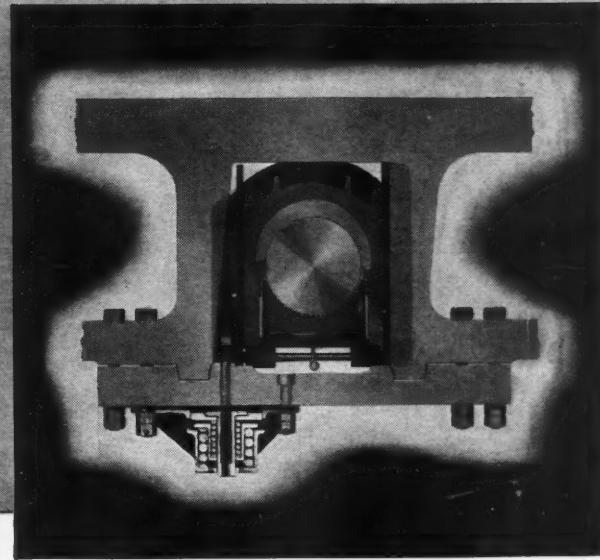
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With the hand-adjusted driving box wedge allowance must be made for temperature changes. This means that, until such time as the box expands to running speed temperature, the driving box pounds, and pounding driving boxes cost money. » » » There is no air gap on a locomotive equipped with Franklin Automatic Compensators and Snubbers. A constant, accurate fit is maintained and expansion and contraction due to changes in driving box temperature are taken care of automatically. These close tolerances are essential on roller bearing driving box applications. » » » Reduce maintenance . . . protect your driving boxes with Franklin Automatic Compensators and Snubbers, and eliminate slack between engine and tender with its twin, the E-2 Radial Buffer.



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NEW YORK

CHICAGO

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degree in 1895 and returned to Chicago to serve in the shops of the Western Electric Company. After working his way up from there to a directorship and vice-presidency of Western Electric and winning the Distinguished Service Medal for his service on the General Staff of the United States Army in 1918, Mr. Swope returned to the General Electric Company and when the foreign department of the company was enlarged into a new corporation, the International General Electric Company, in 1919, Mr. Swope became its first president. In 1899 he went to St. Louis, Mo., as manager of the Western Electric office; was transferred to Chicago in 1906, and two years later went to New York as general sales manager. Mr. Swope became a vice-president and a director in 1913, and in 1917 visited the Orient, organizing a Chinese Western Electric Company and promoting trade interests and telephone service in Japan. He was assistant director of purchases, storage and traffic on the General Staff of the Army and received a citation for his work with the army. Mr. Swope was elected president of the General Electric Company in May, 1922, and chairman of the board of the International General Electric Company in April, 1927. It was under Mr. Swope that the General Electric Company began the extensive manufacture of electric appliances for home use. He is a Fellow of the American Institute of Electrical Engineers and a member of various other scientific societies.

George W. Hoover will open an office on December 1, at 30 Church street, New York, and will act as a railway sales representative in the eastern territory and for export. Mr. Hoover was formerly connected with the Buda Company as eastern and export sales manager.

Warden F. Wilson, Pittsburgh district manager of the **American Steel Foundries**, has resigned to become general manager of sales of the **Lebanon Steel Foundry**, Lebanon, Pa. Mr. Wilson has been identified with the steel casting in-



Warden F. Wilson

dustry since his graduation from the University of Illinois in 1925, when he joined the American Steel Foundries as a special apprentice at its Indiana Harbor, Ind. Works. In 1928, he was appointed night

superintendent, and a year later was advanced to assistant to the works manager, holding this position until his promotion and transfer to Pittsburgh, as manager of the Pittsburgh Works.

OBITUARY

Adolph W. Vogt, comptroller of the United States Steel Corporation of New Jersey, died suddenly of a heart attack on November 20, while returning to his home in Montclair, N. J. Mr. Vogt had been ill during the summer, but had recovered sufficiently to spend part of his time in the office. He was one of the few remaining officials of the United States Steel Corporation who was with the organization at its formation in 1901. Mr. Vogt was born in Wurttemberg, Germany, on January 11, 1879, and came to America at an early age. He was educated in the public schools of Chicago. He had served in important posts, and became chairman of the United States Steel Corporation's Cost Committee in 1905. Mr. Vogt began his business career in 1894 with the Illinois Steel Company, which was one of the companies that became a part of the United States Steel Corporation. In 1901 he became chief statistician of the Steel Corporation, was appointed assistant comptroller in 1915, and since 1936 has served as comptroller.

Equipment and Supplies

LOCOMOTIVES

THE NEWBURGH & SOUTH SHORE has ordered one Diesel-electric switching locomotive of 1,000 hp. from the American Locomotive Company.

THE ERIE has placed orders for three Diesel-electric switching locomotives of 1,000-hp. each, with the Electro-Motive Corporation and four Diesel-electric switching locomotives of 600-hp. each, with the American Locomotive Company. Inquiry for this equipment was reported in the *Railway Age* of September 23, page 456.

FREIGHT CARS

THE PHILLIPS PETROLEUM COMPANY has ordered one tank car from the General American Transportation Corporation and 10 tank cars from the American Car & Foundry Co., all of 100,000 lb. capacity.

PASSENGER CARS

THE CHICAGO, NORTH SHORE & MILWAUKEE has been authorized by the federal district court to purchase two four-car streamlined electric trains at a cost of \$299,000 from the St. Louis Car Company. The trains are to be delivered by June 1, 1940, and will be used between Chicago and Milwaukee, Wis.

Financial

ARKANSAS VALLEY.—*Acquisition and Issuance of Stock.*—This company, recently organized, has asked the Interstate Commerce Commission for authority to purchase the property, assets, rights, easements, etc., of the Arkansas Valley Interurban at a foreclosure sale. At the same time the new company asked authority to issue 2,000 shares of common stock with a par value of \$100 a share.

ATLANTIC COAST LINE.—*New Director Elected.*—H. L. Young, president, Citizens & Southern National Bank, Atlanta, Ga., was elected a director of the Atlantic Coast Line on November 16.

BESSEMER & LAKE ERIE.—*Equipment Trust Certificates.*—This company has asked the Interstate Commerce Commission for authority to assume liability for \$5,700,000 of 2½ per cent equipment trust certificates, maturing in 10 equal annual installments of \$570,000 on December 1, in each of the years from 1940 to 1949, inclusive. The proceeds will be used as part payment for equipment costing a total of \$7,600,000, and consisting of 1,000 90-ton steel hopper cars, 500 50-ton steel gondola cars, and 500 50-ton steel box cars.

DELAWARE, LACKAWANNA & WESTERN.—*Operation.*—This company has been authorized by Division 4 of the Interstate Commerce Commission to operate under trackage rights over a line of the Lehigh & New England between Augusta, N. J., and Sussex, 10.1 miles.

ELGIN, JOLIET & EASTERN.—*Equipment Trust Certificates.*—This company has asked the Interstate Commerce Commission for authority to assume liability for \$4,250,000 of 2½ per cent serial equipment trust certificates, maturing in 10 equal annual installments of \$425,000 on December 1 in each of the years from 1940 to 1949, inclusive. The proceeds will be used as part payment for equipment costing a total of \$6,000,000, and consisting of eight 600-hp. Diesel-electric locomotives, 500 50-ton steel gondola cars and 1,500 50-ton steel hopper cars.

ERIE.—*Acquisition, Collateral Trust Certificates and R. F. C. Financing.*—This company has been authorized by Division 4 of the Interstate Commerce Commission to acquire control of the Cleveland & Mahoning Valley by purchase of its capital stock. The Erie will acquire the capital stock from Atlantic Leased Lines, Ltd., an English corporation, for \$7,900,000. At the same time the company was granted authority to assume liability for \$7,000,000 of collateral trust certificates, to be sold at par and accrued dividends to the Reconstruction Finance Corporation, the proceeds to be used, together with \$900,000 of the Erie's own money, to purchase the stock. Simultaneously, the R. F. C. was authorized to purchase the certificates, which will be dated November 1, 1939, and payable in the principal amount of \$100,000 on May 1, and November 1 of each year from May 1, 1940, to and in-

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FLAT ARCH OF PANAMA

This famous flat arch was built by the monks of Panama City shortly after the pirate Morgan had sacked and burned the city in 1671. Pictures of this 50 ft. arch were used as an argument in favor of building the Panama Canal in its present location instead of through Nicaragua—the point being that if this engineering freak could stand for centuries, there would be no

danger to the canal from earthquakes. * * * The Security Sectional Arch is not an engineering freak, but is a logical solution, supplied by American Arch Company engineers, to the ever-present problem of realizing the most from every fuel dollar. But a Security Arch is not enough. To realize its true efficiency, a *complete* arch must be maintained—with every brick in place.

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cluding November 1, 1948, \$100,000 on May 1, 1949, and the remaining principal amount of \$5,100,000 on November 1, 1949. The certificates will bear interest at the rate of four per cent, annually.

GREAT NORTHERN.—Abandonment.—This company would be denied authority to abandon a branch line extending from St. Hilaire, Minn., to Wylie, 6.9 miles, together with a wye connecting track, 0.33 mile, at St. Hilaire, if Division 4 of the Interstate Commerce Commission adopts a proposed report of its Examiner R. Romero. The examiner found that "operation of the branch for the past five years has resulted in net railway operating income to the applicant and it is not clear that losses would be incurred by continued operation."

KANSAS CITY SOUTHERN.—Equipment Trust Certificates.—Division 4 of the Interstate Commerce Commission has modified its order of December 22, 1936, so as to authorize the sale of \$639,000 of this company's three per cent equipment trust certificates at 104 and accrued dividends, the proceeds to be invested in securities or property, in accordance with the provisions of the company's first mortgage and deed of trust dated April 2, 1900. The certificates have been sold at 104 to Harriman, Ripley & Co., of New York City, making the average annual cost of the proceeds approximately 2.15 per cent.

LOUISVILLE & NASHVILLE.—Abandonment.—This company has been authorized by Division 4 of the Interstate Commerce Commission to abandon a line extending from Clay, Ky., to Morganfield, 18 miles.

MISSOURI & ARKANSAS.—R. F. C. Loan.—Division 4 of the Interstate Commerce Commission has dismissed, at this company's request, its application for the commission's approval of a loan of \$115,000 from the Reconstruction Finance Corporation.

NORTHERN PACIFIC.—Equipment Trust Certificates.—This company has asked the Interstate Commerce Commission to approve a plan whereby the Reconstruction Finance Corporation would purchase \$5,000,000 of 2 3/4 per cent serial equipment trust certificates, maturing in 20 semi-annual installments of \$250,000 beginning August 1, 1940 and ending August 1, 1949. The proceeds would be used in part payment of the purchase price of equipment costing \$5,560,000, which would consist of 1,000 steel-sheathed box cars, 500 gondola cars, 400 all-steel hopper bottom gondola cars, and 100 steel multiple-service cars.

RAILWAY EXPRESS AGENCY.—Director.—George D. Brooke, president of the Chesapeake & Ohio, has asked the Interstate Commerce Commission for authority to hold the position of director of this company. Mr. Brooke was elected a director at the October 31 meeting of the company.

SEABOARD AIR LINE.—Equipment Trust Certificates.—This road has applied to the Interstate Commerce Commission for approval of a plan whereby the Reconstruction Finance Corporation would aid in

financing part of the purchase price of equipment costing \$2,529,546. The plan contemplates the issuance of \$2,250,000 of three per cent equipment trust certificates, Series II, which would mature in 15 equal annual installments beginning November 1, 1940. The equipment involved includes 700 50-ton all-steel box cars to be purchased from Pullman-Standard Car Manufacturing Company; 100 50-ton flat cars to be built by American Car & Foundry Company; and 100 70-ton all-steel hopper cars, ordered from Bethlehem Steel Company.

VIRGINIAN.—Stock Split-Up.—Stockholders of this road met in Norfolk, Va., November 9 and approved a four-for-one split up of common and preferred shares of the road's outstanding stock and the reduction of the par value of both classes from \$100 to \$25 a share. It is reported that immediate steps will be taken to secure approval by the Interstate Commerce Commission.

It has been pointed out by officers of the road that the stock split is to be made for four reasons: (1) To increase marketability of the stock; (2) to adjust the price of each share on the market so that it will be more attractive to the investing public; (3) to effect a wider distribution of the public's holdings of the company's stock; and (4) to facilitate the financing of the company's future requirements through the sale of bonds, preferred stock or common stock, whichever might be most desirable.

WHEELING & LKE ERIE.—Equipment Trust Certificates.—This company has been granted authority by Division 4 of the Interstate Commerce Commission to assume liability for \$1,200,000 of 2 1/2 per cent equipment trust certificates, maturing in 10 equal annual installments of \$120,000 on November 15 in each of the years from 1940, to 1949, inclusive. The issue has been sold at 103.92 to McMaster, Hutchinson & Co., acting on behalf of themselves and the Milwaukee Company and Field, Richards & Shepard, Inc., making the average annual cost of the proceeds to the company approximately 1.75 per cent.

Average Prices of Stocks and Bonds

	Last Nov. 21	Last week	Last year
Average price of 20 representative railway stocks..	34.06	33.71	30.66
Average price of 20 representative railway bonds..	59.74	59.58	60.71

Dividends Declared

Atlanta, Birmingham & Coast.—5 Per Cent Preferred, \$2.50, semi-annually, payable January 1 to holders of record December 12.

Chestnut Hill.—7 1/2%, quarterly, payable December 4 to holders of record November 20.

Cincinnati, New Orleans & Texas Pacific.—Preferred, \$1.25, quarterly, payable December 1 to holders of record November 15.

Delaware & Bound Brook.—\$2.00, quarterly, payable November 20 to holders of record November 14.

Kansas, Oklahoma & Gulf.—Series A 6 Per Cent Cumulative Preferred, \$3.00; Series B 6 Per Cent Non-cumulative Preferred, \$3.00; Series C 6 Per Cent Non-cumulative Preferred, \$4.00, all payable December 1 to holders of record November 21.

Louisville & Nashville.—\$2.75, payable December 22 to holders of record November 27.

North Pennsylvania.—\$1.00, quarterly, payable November 25 to holders of record November 20.

Pittsburgh & Lake Erie.—\$3.00, payable December 15 to holders of record November 22.

Pittsburgh, Youngstown & Ashtabula.—Preferred, \$1.75, quarterly, payable December 1 to holders of record November 20.

Railway Officers

EXECUTIVE

Claude Porter King, whose promotion to assistant to the chief operating officer of the St. Louis-San Francisco, with headquarters at St. Louis, Mo., was announced in the *Railway Age* of November 11, was born in Dallas County, Mo., on October 21, 1893, and attended a business college at Springfield, Mo. He entered railway service on June 13, 1910, as a stenographer in the mechanical department of the Frisco at Springfield and two years later he became a stenographer-clerk in the general manager's office at that point. In August, 1913, he was appointed secretary to the superintendent of freight, loss and damage claims and one month later he was appointed secretary to the general superintendent. Mr. King was promoted to assistant chief clerk to the general superintendent in March, 1917, and in March, 1920, he was appointed assistant chief clerk to the general manager. In September, 1929, he was further advanced to assistant to the general manager at Springfield, and one year later he was appointed chief clerk to the general manager. Mr. King was re-appointed assistant to the general manager in January, 1931, and held that position until his recent promotion, which was effective November 1.

OPERATING

J. W. Wilkes, whose promotion to superintendent of the Calgary division of the Canadian Pacific, with headquarters at Calgary, Alta., was announced in the *Railway Age* of November 4, was born at Skipton, Yorkshire, England, on July 19, 1890,



J. W. Wilkes

and spent his boyhood and was educated in England. He entered railway service on August 10, 1911, as a brakeman on the Canadian Pacific at Moose Jaw, Sask., and later served as a switchman and as assistant yardmaster at that point. In February, 1915, he was promoted to night yardmaster at Moose Jaw, and in Febru-

Continued on next left-hand page

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But for many years The Superheater Company has been applying the science of streamlining to the design of superheaters — providing streamlined gas and steam passages to permit flow velocities ranging from 150 to 250 m.p.h. through boiler flues and superheater units.

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Photo R. I. Nesmith

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ary, 1925, he was advanced to general yardmaster at Regina, Sask. In 1927, he served for a time also as acting assistant superintendent at Moose Jaw, and on November 15, 1930, he was appointed assistant superintendent at Moose Jaw. Mr. Wilkes was transferred to Calgary on July 1, 1932, and on October 24, 1939, he was appointed acting superintendent at that point. His promotion to superintendent was effective November 1.

Ernest P. Olson, whose promotion to superintendent on the St. Louis-San Francisco, with headquarters at Fort Smith, Ark., was announced in the *Railway Age* of October 14, was born near Fort Lyon, Colo., on February 11, 1896, and entered railway service on June 13, 1913, as a clerk in the store department of the Atchison, Topeka & Santa Fe. He served in this capacity and as a telegrapher, secretary and train dispatcher at various points in Colorado, New Mexico and Kansas until June, 1919, when he went with the Frisco as a dispatcher at Sapulpa, Okla. He later served in this capacity at Memphis, Tenn., Fort Scott, Kan., and Hugo, Okla., and as



Ernest P. Olson

chief dispatcher at Sapulpa, Hugo and Fort Smith, Ark., until March, 1933, when he was promoted to assistant superintendent at Neodesha, Kan. Mr. Olson was transferred to Chaffee, Mo., in December, 1934, and in May, 1939, he was appointed special representative of the general manager, with headquarters at Springfield, Mo., the position he held at the time of his recent promotion.

John E. Kemp, division superintendent on the Denver & Rio Grande Western, with headquarters at Grand Junction, Colo., has been promoted to assistant general manager, in charge of wage and working agreements, with headquarters at Denver, Colo., succeeding **R. F. Ray**, who has been granted a leave of absence to serve as carrier member of the Third division of the National Railroad Adjustment Board. **K. L. Moriarty**, assistant superintendent at Grand Junction, has been advanced to superintendent, with the same headquarters, replacing Mr. Kemp. **E. H. Blackwell**, trainmaster at Glenwood Springs, Colo., has been promoted to assistant superintendent at Grand Junction, relieving Mr. Moriarty, and **L. T. Wright**, trainmaster at Grand Junction, has been transferred to

Glenwood Springs, succeeding Mr. Blackwell. **R. S. James**, inspector of transportation, with headquarters at Denver, has been appointed trainmaster at Grand Junc-



John E. Kemp

tion, replacing Mr. Wright and **L. H. Hale** has been appointed inspector of transportation at Denver, relieving Mr. James.

Mr. Kemp was born at Dresden, Mo., on January 26, 1890, and entered railway service on July 24, 1907, as a telegraph operator on the Pueblo division on the D. & R. G. W. On December 25, 1912, he was promoted to train dispatcher and served in that capacity on the Pueblo and Salida divisions. On May 1, 1920, he was advanced to night chief dispatcher on the Pueblo division, and on October 1 of that year, he was promoted to chief dispatcher of that division, later being transferred to the Gunnison division. Mr. Kemp was advanced to trainmaster on June 16, 1927, and served in that capacity on various subdivisions of the Pueblo division. On November 10, 1937, he was promoted to assistant superintendent of the Grand Junction division and on November 1, 1938, he was further advanced to superintendent of that division.

OBITUARY

David Dingler, president and general superintendent of the Cassville & Exeter, with headquarters at Cassville, Mo., died at that point on November 16.

Herschel V. Bowman, retired general industrial agent of the Chicago & Eastern Illinois, and a member of the Illinois State Coal Commission, died at Danville, Ill., on November 18.

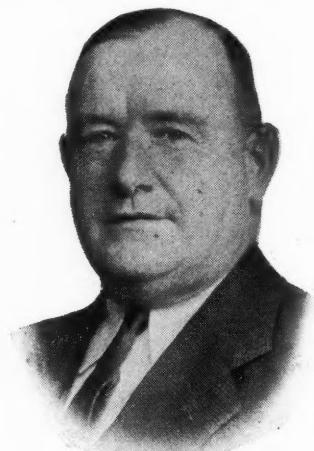
Edward Hart, who retired on January 1, 1937, as freight traffic manager of the Western lines of the Baltimore & Ohio and as freight traffic manager of the Alton, with headquarters at Chicago, died in a New York hospital on November 21 after an illness of eight weeks. Mr. Hart was 77 years old and had lived at Washington, Conn., since his retirement.

Ritchie G. Kenly, who retired on April 1, 1939, as chief engineer of the Minneapolis & St. Louis, with headquarters at Minneapolis, Minn., after 54 years railroad service, of which 30 were with the M. &

St. L., died in Minneapolis on November 15. A biography of Mr. Kenly's career accompanied by a photograph was published in the *Railway Age* of April 8, at the time of his retirement last spring.

Edwin C. Blanchard, who retired in August, 1924, as general manager of the Northern Pacific lines west of Paradise, Mont., with headquarters at Seattle, Wash., died at Tacoma, Wash., on November 10, following a long illness. Mr. Blanchard was born at Wapello, Iowa, on July 29, 1854, and entered railway service as an agent and operator on the Burlington, Cedar Rapids & Northern (now part of the Chicago, Rock Island & Pacific) and subsequently served in the same capacity on the Union Pacific. He was appointed train dispatcher on the Northern Pacific in 1883, and later was advanced successively to chief dispatcher, division superintendent and general superintendent of the Eastern district. He was promoted to assistant general manager of the lines west of Paradise, Mont., in April, 1912, and in December, 1921, was promoted to general manager.

W. O. Dennis, engineer maintenance of way of the Lehigh & New England, with headquarters at Bethlehem, Pa., died on November 16, of heart disease following a long illness. Mr. Dennis had been identified with the Lehigh & New England for more than 34 years. He was born on December 31, 1882, at Nazareth, Pa., and was educated at Nazareth Hall Military academy and Lafayette college, Easton, Pa. During his summer vacations while attending college, Mr. Dennis served in various capacities in the engineering department of the L. & N. E. In the summer of 1905, after leaving school, he returned to the service of this company as a transitman, being advanced through various positions in the engineering department to that of assistant engineer, which position he held until March, 1913. At that time he was promoted to assistant supervisor of track, with headquarters at Pen Argyl, Pa., holding this position until April, 1917, when he was advanced to supervisor of track,



W. O. Dennis

with the same headquarters. In February, 1924, Mr. Dennis was further advanced to inspector maintenance of way, being in 1935, promoted to engineer maintenance of way, which position he held until his death.